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ANNUAL REPORT 2008
CAMPBELL BROTHERS LIMITED



FROM A POSITION OF STRENGTH



ANNUAL GENERAL MEETING

The 57th Annual General Meeting of Campbell Brothers Limited will be held at 11.00am on 5 August 2008 at the Brisbane Convention Centre, Cnr Merivale and Glenelg Streets, South Bank, Brisbane, Australia.



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FINANCIAL CALENDAR

2007/2008

Record Date for Final Dividend and DRP	13 June 2008
Final Dividend Paid	1 July 2008
Annual General Meeting	5 August 2008

2008/2009

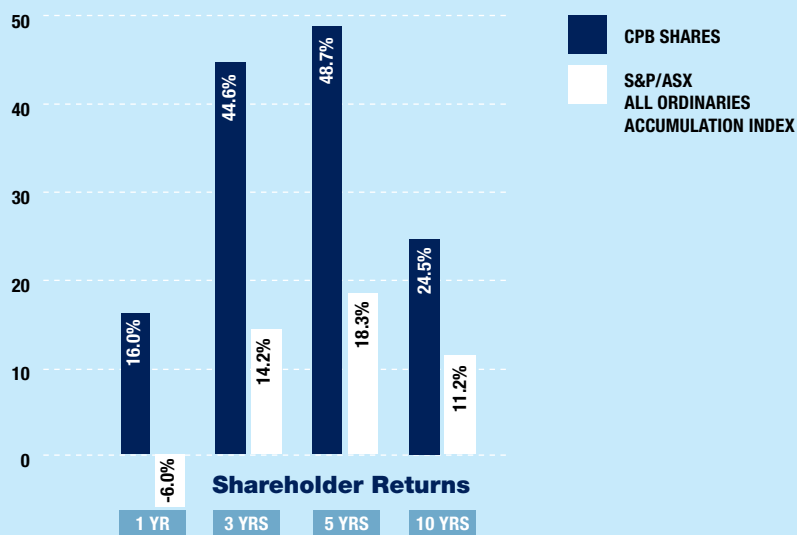
Half Year End	30 September 2008
Half Year Results and Dividend Announced	25 November 2008
Record Date for Interim Dividend and DRP	5 December 2008
Interim Dividend Paid	17 December 2008

Note: Dates subject to alteration

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FROM A POSITION OF STRENGTH

Campbell Brothers Limited is an Australian diversified services company with operations around the globe.



Listed on the Australian Securities Exchange since 1952, Campbell Brothers offers state-of-the-art analytical testing services internationally as well as commercial chemicals and cleaning solutions throughout Australia and the Pacific and hospitality wares distribution throughout Australia and New Zealand.

The Company is committed to achieving strong and consistent managed growth throughout its operations by seizing new business opportunities and acquiring complementary businesses which add depth and value to the Company.

Campbell Brothers' focus remains on developing robust and resilient business units which meet existing and emerging market needs with the aim of producing ongoing exceptional returns for shareholders.

Over the past 10 years, an investment in the Company's shares has achieved an annual rate of return of 24.5 percent, outperforming the benchmark All Ordinaries Accumulation Index's return of 11.2 percent over the same period.

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GLOBAL OPERATIONS

Campbell Brothers consists of three market-leading business divisions operating across Australia, Asia, the Pacific, North and South America, Africa and Europe. These business divisions provide a range of services and products tailored to the demands of each market.



Operates from more than **148** sites in **41** countries on **six** continents.

Employs over **6,800** staff worldwide.



BUSINESS DIVISIONS

ALS Laboratory Group

A global leader in the provision of analytical laboratory and technical services to international environmental, minerals, coal and tribology (used oil) markets. Other markets include food, microbiology, electronics, ecotoxicology, occupational health and air quality.

Campbell Chemicals

Specialises in the importation, manufacture and distribution of cleaning solutions and chemicals to commercial operations throughout Australia and the Pacific.

Reward Distribution

A major distributor of chemicals, paper, tableware, kitchenware and associated non-food consumables to the hospitality and institutional markets across Australia and New Zealand.



 The REWARD logo is a blue curved shape with the word 'REWARD' in white, and 'DISTRIBUTION GROUP' in smaller white text below it.

REWARD
DISTRIBUTION GROUP



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FINANCIAL HIGHLIGHTS

The Company will pay a final, partly franked (50%) dividend for 2008 of 60 cents per share (2007: 42 cents) at the 30% tax rate (2007: 30%). The total dividend for the year will be 95 cents (2007: 70 cents).

Year at a glance

	31 March 2008 \$'000	31 March 2007 \$'000
Sales Revenue	772,286	662,654
Net Profit After Tax (excluding unusual items)	71,270	51,648
Share Capital	223,111	208,692
Total Equity	338,205	299,547
Earnings per Share (cents) attributable to members (excluding unusual items)	137.13	100.17
Dividends per Share (cents)	95.0	70.0
Net Tangible Asset Backing per Share (\$)	2.07	3.16
Gearing Ratio (%) (net debt/(net debt + total equity))	36.1	22.9
Interest Cover (times)	12.2	23.6

Sales

Total sales revenue for the Group was \$772.3 million for 2008, a 16.5% increase on the \$662.7 million recorded in 2007.

The revenue generated by each division was as follows:

DIVISION	2008 \$'000	2007 \$'000	Change %
ALS Laboratory Group	468,043	342,150	36.8
Campbell Chemicals*	152,819	139,235	9.8
Reward Distribution	145,743	134,998	8.0

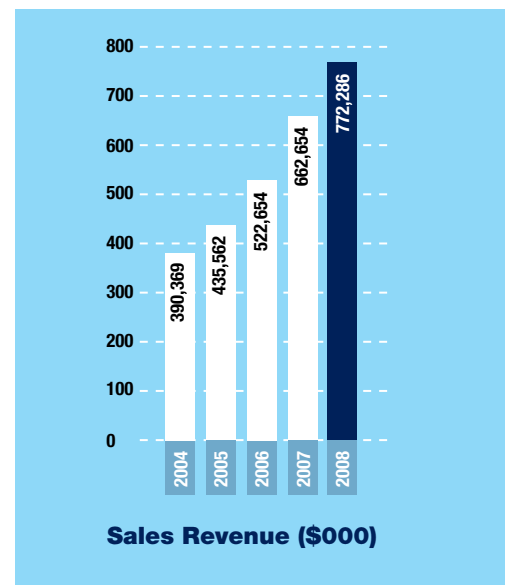
Profit

Consolidated net profit after tax (excluding unusual items) attributable to members of the Company was \$71.3 million for 2008, an increase of 38% on the \$51.7 million achieved last year.

Profit contribution from ordinary activities excluding unusual items, tax and corporate overheads for each division was as follows:

DIVISION	2008 \$'000	2007 \$'000	Change %
ALS Laboratory Group	112,488	79,486	41.5
Campbell Chemicals*	9,680	7,765	24.7
Reward Distribution	4,595	5,506	-16.5

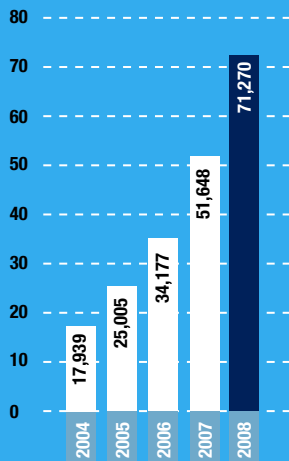
* Restated for sale of the consumer products contract manufacturing business in FY2008.



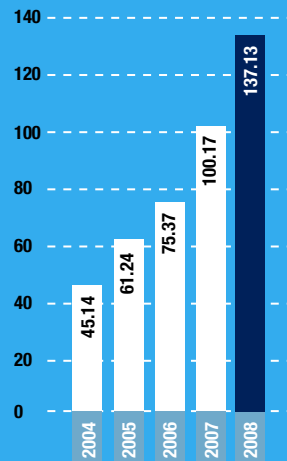
Sales revenue
up 16.5% to
\$772.3 million



Total dividend up 35.7% to 95 cents per share.



Net Profit After Tax
excluding unusual items attributable to members (\$000)



Earnings Per Share
excluding unusual items attributable to members (cents)

Underlying profit for the year
(excluding unusual items)
up 38.0% to
\$71.3 million

Earnings per share
up 36.9% to
137.13 cents



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HEALTH AND SAFETY

Campbell Brothers prides itself on a world class occupational health and safety compliance system. The Company operates globally and must ensure it provides a safe workplace for all its employees and that the needs of customers are met in an efficient and compliant manner.

Health and Safety Performance

The most indicative figure of the health and safety performance of the Campbell Group is the Lost Time Injury Frequency Rate (LTIFR) which measures the number of Lost Time Injuries (LTIs)* per million hours of work (Reported as per AS1885).

**LTI is a work injury that results in an inability to work for at least one full day or shift any time after the day or shift in which the injury occurred.*

The Group achieved a good result in safety performance during 2007/2008, recording a LTIFR of 6 (a 25% reduction from the preceding year). Regional areas such as Mexico had over 480 days since a lost time injury and ALS South America have reduced their LTIFR from 9 to 5. Divisions such as Campbell Chemical have reduced their LTIFR from 11 to 4. The graph illustrates the substantial improvements made in LTIFR for the Group over the past 5 years.

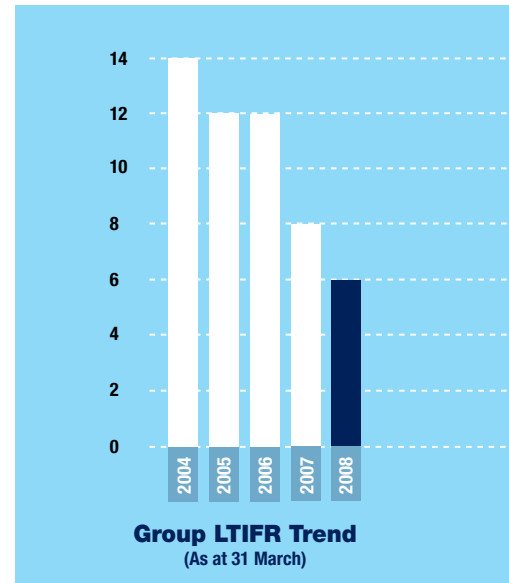
Workers compensation claims also reduced during the year resulting in substantial savings in workers compensation insurance premiums. For example, in Australia savings of 37% were achieved.

Standards for Health Safety and Environment

Campbell Brothers views the safety of its employees, contractors, visitors, and the environment as a responsibility essential to its long term success.

The Company is committed to ensuring that all operations satisfy local legal requirements as well as a corporate HSE minimum standard (19 Goals) which is applied to all sites worldwide. Under the HSE standard each site must identify key HSE issues and manage these by addressing the following:

- Ensuring HSE resources are available;
- Ensuring managers are aware of their HSE responsibilities;
- Implementing a plan for managing injuries, incidents and site emergencies;
- Ensuring contractors work safely and do not harm the environment;
- Ensuring that key HSE information is available for all staff to view;
- Providing training on key HSE risks;
- Ensuring that staff have an opportunity to provide feedback;
- Ensuring that work areas are designed and maintained in a safe and environmentally conscious manner;
- Ensuring that all HSE incidents are reported and discussed so that we can learn from our experiences; and
- Completing a monthly HSE site audit.

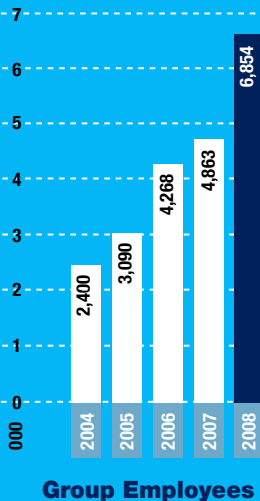


Campbell Brothers is reaping the benefits of having long term strategies in place to manage its health and safety responsibilities.



ORGANISATIONAL DEVELOPMENT

people



In a competitive global marketplace, Campbell Brothers is committed to attracting, developing and retaining skilled and dedicated employees.

Consistent with Campbell Brothers' emergence as a leading global services business, the Company has implemented programs focused on employee development and effective succession planning for current and future executives.

Developing People for a Sustainable Future

The Campbell Brothers Executive Profiling Campaign (EPC), successfully implemented in Australia in February 2007, is proving a vital tool for managing the Company's most valuable asset – its people.

The EPC is an innovative and low-cost program that aims to identify current and future strengths and weaknesses in the organisation. The process gives staff the opportunity to take the next step in developing their career within the Campbell Brothers group. Crucially, the EPC provides valuable data to help identify and prepare the right people for the right roles.

Individuals involved in the campaign are assessed and provided with feedback in relation to their management, leadership and technical skills. The employee and the Company jointly prepare a targeted development plan with assessment conducted via online appraisal, as well as through individual discussions. The process involves

employees from various layers of the business rating the performance of current and future executives against five core competency areas.

Already, the program has increased the number of promotions awarded to internal candidates and improved the performance and retention of targeted executives.

Another key benefit of the EPC is the ability to use data acquired through profiling to ensure that potential gaps in an individual's or the Company's skill base are addressed. For example, the program provides a readily accessible database for the executive team to identify appropriately qualified and motivated people for start ups or transfer to acquired companies.

The Company is expanding the program to its international offices to ensure that key talent in these locations is identified and nurtured, and that the Campbell Brothers culture is faithfully propagated globally.

The EPC is now entrenched as an integral part of the Company's growth strategy, ensuring that plans are in place for the people who will lead the business today and tomorrow.

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YEAR IN REVIEW

Campbell Brothers produced record sales, profits and dividends in 2007-08, demonstrating the value of the Company's strategy of targeting high-growth markets in which it has a competitive advantage. A combination of recent acquisitions and organic growth provided the platform for the result.



In the past 12 months, Campbell Brothers continued its strategy of business expansion and diversification. Key activities during the year included:

- ALS Laboratory Group entered a joint venture with one of the world's largest mining and metals companies, MMC Norilsk Nickel, to provide geochemical and assay services to Norilsk and other international companies operating in Russia.
- ALS acquired leading Australian coal services company ACIRL Pty Ltd for \$76.8 million, securing the market leader in the domestic coal testing and analysis industry. ALS also acquired Witlab, a coal laboratory in South Africa.
- US-based e-Lab Analytical Inc was acquired by ALS in a deal worth approximately \$22 million, expanding ALS' network in the environmental analytical laboratory market.
- ALS entered a joint venture with JKTech Pty Ltd to create ALS Mineralogy, which will provide sophisticated, automated mineralogy and diagnostic services to global mining and mineral processing clients.
- Strategic divestment of the consumer products business.
- Restructuring of Reward Distribution.

Full year result

Net profit for the full year ended 31 March 2008 was \$76.8 million (including unusual items), a 30 percent increase on the previous year.

Net profit after tax attributable to the Company's underlying operations was \$71.3 million, up 38 percent compared to the same period a year ago.

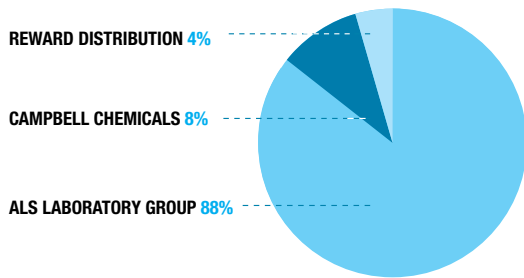
Overview of result

Campbell Brothers extended its track record of consistent growth due in large part to another outstanding performance by the ALS Laboratory Group (ALS), which benefited from buoyant market conditions and the contribution of recent acquisitions.

ALS now accounts for approximately 88 percent of total divisional profit and more than 60 percent of revenue.

During the year, the division demonstrated its strength by achieving significant increases in both revenue and profits despite unfavourable movements in foreign exchange rates. Strong growth in the minerals analysis market across all geographic regions and acquisitions by the coal and environmental testing businesses provided the foundation for the excellent results.

Australian coal technology company ACIRL and US-based environmental laboratory group e-Lab, acquired in September 2007, integrated well and made contributions ahead of expectations. At the same time, ALS entered a joint venture with MMC Norilsk Nickel to provide geochemical and assay services in the high-growth Russian market as well as joining forces with the University of Queensland through their technology transfer company,



Divisional Profit

Profit contributions from ordinary activities (excluding unusual items, tax and corporate overheads) for each division for year ended 31 March 2008

Net profit for the full year ended 31 March 2008 was **\$76.8 million** (including unusual items), a 30 percent increase on the previous year.



REWARD
DISTRIBUTION GROUP

JKTech Pty Ltd, to form ALS Mineralogy to provide automated mineralogy and diagnostic services to mining and mineral processing clients. Witlab, a coal laboratory in South Africa, was also acquired in November 2007.

In the latter part of 2007-08 the ALS Group developed a new strategic plan that will guide the division through to 2011. The review, designed to increase the focus on customers, systems and technology, includes restructuring ALS along divisional lines. Effective from April 1 2008, the new business divisions will be:

Minerals | Environmental | Coal | Tribology

ALS is also targeting the development of global businesses in the areas of oil, gas and food.

Elsewhere within the Company, revenue from Campbell Chemicals increased slightly compared to the previous corresponding period while profit was stronger, reflecting lower costs across the division. In particular, the Industrial Chemical and Panamex Pacific business units delivered stronger contributions, demonstrating the benefit of initiatives to control overheads and focus on higher margin market arrangements.

The consumer products contract manufacturing business was sold at the end of September, 2007.

Although revenue for Reward Distribution increased in 2007-08 contribution fell due to high levels of integration and restructuring costs incurred in rationalising products, warehouses, IT systems and administrative functions across the division's national network.

Adverse weather over summer also affected parts of the business in Queensland and the Northern Territory. However, the framework for profitable growth is now in place and the division began to display improvement in the new financial year.

Outlook for year ahead

The ALS division is expected to remain the largest contributor to group profit in 2008-09, benefiting from markets - minerals analysis in particular - that are forecast to remain buoyant for the next few years at least. A new divisional structure will allow ALS to better capitalise on its competitive advantage and proven business model and seize the opportunities on offer in the analytical and testing industry.

In the short-term, Campbell Brothers will continue to pursue initiatives to mitigate the impact on ALS of a weaker US currency. Measures implemented during the period under review included price reviews and moving to non-US dollar denominated contracts where appropriate.

Meanwhile, over the medium term ALS will continue to invest in growth through acquisitions, opening new laboratories and expansion of capacity in existing facilities. It will also focus on building its presence in high-growth markets such as Russia, China, Africa and India and attracting new customers in established markets.

Campbell Chemicals will seek to capitalise on a lower cost base and will pursue growth by focusing on servicing key markets.

Reward Distribution now has an operational foundation in place to concentrate on sales and delivering superior customer service.



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LABORATORY SERVICES

The ALS Laboratory Group is one of the largest and most successful commercial laboratory groups in the world, with operations on six continents offering a broad range of analytical testing services.

- Provides a range of analytical laboratory and technical services to international environmental, minerals, coal and tribology (used oil) markets. Other markets include food, microbiology, electronics, ecotoxicology, occupational health and air quality
- Processes more than 10 million samples per year
- Operates more than 100 laboratories in 38 countries across Australia, Africa, Asia, North America, South America and Europe
- Employs approximately 5,500 staff worldwide

Overview of the year

The ALS Laboratory Group enjoyed another record year in 2007-08, underpinning Campbell Brothers' overall result with a contribution worth more than 60 percent of total revenue and 88 percent of total profit. The result was achieved despite unfavourable movements in foreign exchange rates.

ALS experienced strong demand across all its core businesses, particularly the mineral division which was driven by high commodity prices and a robust resources sector.

Recent acquisitions during the year: ACIRL Pty Ltd, Witlab and e-Lab Analytical Inc., also made significant contributions. These businesses were excellent additions to the Group and have integrated well, performing ahead of expectations.

In September 2007, ALS acquired ACIRL, the premier coal laboratory group in Australia, for \$76.8 million. Based in Ipswich, Queensland, the business holds approximately 46 percent of the markets in which it operates and will provide the foundation on which ALS will build a global analytical and coal technology group serving the black coal industry.

Also in September 2007, ALS acquired e-Lab, a mid-sized environmental analytical laboratory group based in Houston, Texas, in a deal worth approximately \$22 million. This strategic purchase gives ALS entry to the US – the world's largest environmental testing market, worth in excess of \$2 billion a year – and exposes the business to potential opportunities in the global energy sector.

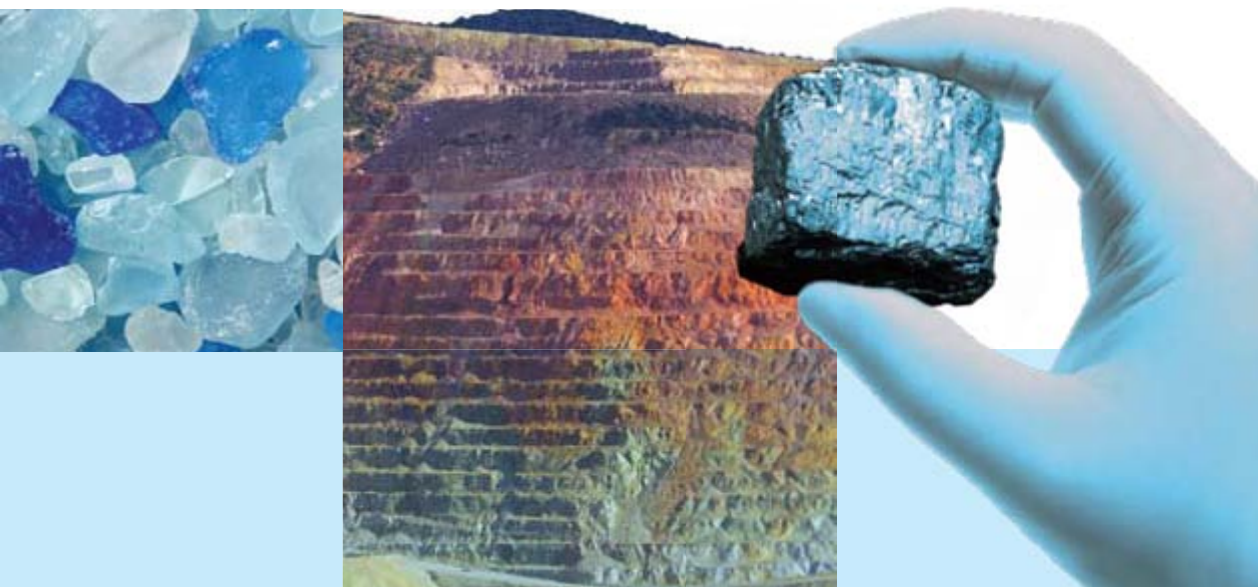
In December 2007, ALS started the process of building its new Coal Division into a global business by acquiring Witlab in South Africa for \$5 million in a deal that is already showing a significant payback. At the same time ALS committed to further expansion with a start up laboratory in Vancouver, Canada which will provide a full analytical service for the Canadian market.

ALS also entered two important joint venture arrangements during 2007-08. The first, with MMC Norilsk Nickel, was the culmination of two years of ground work and provides ALS with an entry into the testing services market in Russia, where exploration expenditure is now more than 50 percent of that in Australia and is growing at a faster rate.

A second commercial venture was entered into with JKTech Pty Ltd, the technology transfer company for the Julius Kruttschnitt Mineral Research Centre of the University of Queensland, to form ALS Mineralogy.

Operationally, shortening the turnaround time for laboratory samples was again a focus for ALS in 2007-08. Capacity expansion during the year allowed the Group to improve this key measure despite record increases in sample volumes. This remains a priority for ALS in the new financial year to ensure clients' needs are met at a time of strong demand in the minerals industry.

ALS contributed 88% of total divisional profit



Year ahead

ALS recently completed a new strategic plan to guide the Group through to 2011. The plan calls for a stronger focus on customers, systems and technology. To ensure this is achieved, ALS will now operate along divisional lines, as opposed to the geographically-oriented structure previously employed.

Under this new model, effective from April 1 2008, the four principal business divisions are:

- **Minerals**
- **Environmental**
- **Coal**
- **Tribology**

While a regional approach played an important role in building a global presence for ALS, the new divisional structure will allow the Group to take the next step in its development. A divisional approach will allow ALS to better focus on expanding the Group's position and industry-leading capabilities in existing, rapidly-growing markets. The move is also expected to offer career opportunities to the many talented and committed staff within the division.

In 2008-09, ALS will concentrate on maximising its competitive advantage, making new acquisitions and capitalising on opportunities in high-growth markets such as Africa, Russia, China and India, where it currently has relatively low exposure. The Group remains committed to start-ups, expansion and capacity increases to existing facilities and the introduction of new services to grow market share.

Prospects remain good for the minerals division; ALS Chemex in particular, with record metal prices driving demand for testing services. Expectations are for the market to remain buoyant until well past 2010.

Meanwhile, the Group is mindful of becoming overly exposed to a single market segment. Other parts of ALS are enjoying high demand, including the environmental division at a time when governments and businesses are becoming more aware of their obligations to conduct their operations in an environmentally sustainable manner.

Higher coal consumption and the increased capacity of Australian ports are expected to generate strong demand, too, for the recently established coal testing and analysis services business, ALS Coal. The acquisition of ACIRL will provide a welcome boost to the development of the division in Australia and internationally and will accelerate plans for further laboratories. Interest in coal exploration and development has never been higher and laboratories offering a full range of services and superior turnaround times will win a disproportionately higher share of the market.

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LABORATORY SERVICES

The Group remains committed to start-ups, expansion and capacity increases to existing facilities and the introduction of new services to grow market share.

Snapshot of laboratory business divisions**Mineral Division**

ALS Chemex is the premier provider of geo-analytical laboratory services to the global mining and exploration industries. The division operates specialised laboratories in all six continents to test geological materials such as soil and sediment samples, rock and drill cuttings as well as core samples.

ALS Mineralogy provides rapid SEM-based quantitative mineralogy services that automatically identify minerals and derive quantitative mineralogical reports for geologists and mineral processors.

Environmental Division

One of the largest and most geographically-diverse environmental testing businesses in the world, ALS Environmental provides consulting and engineering firms, industry and governments with reliable environmental testing data.

Coal Division

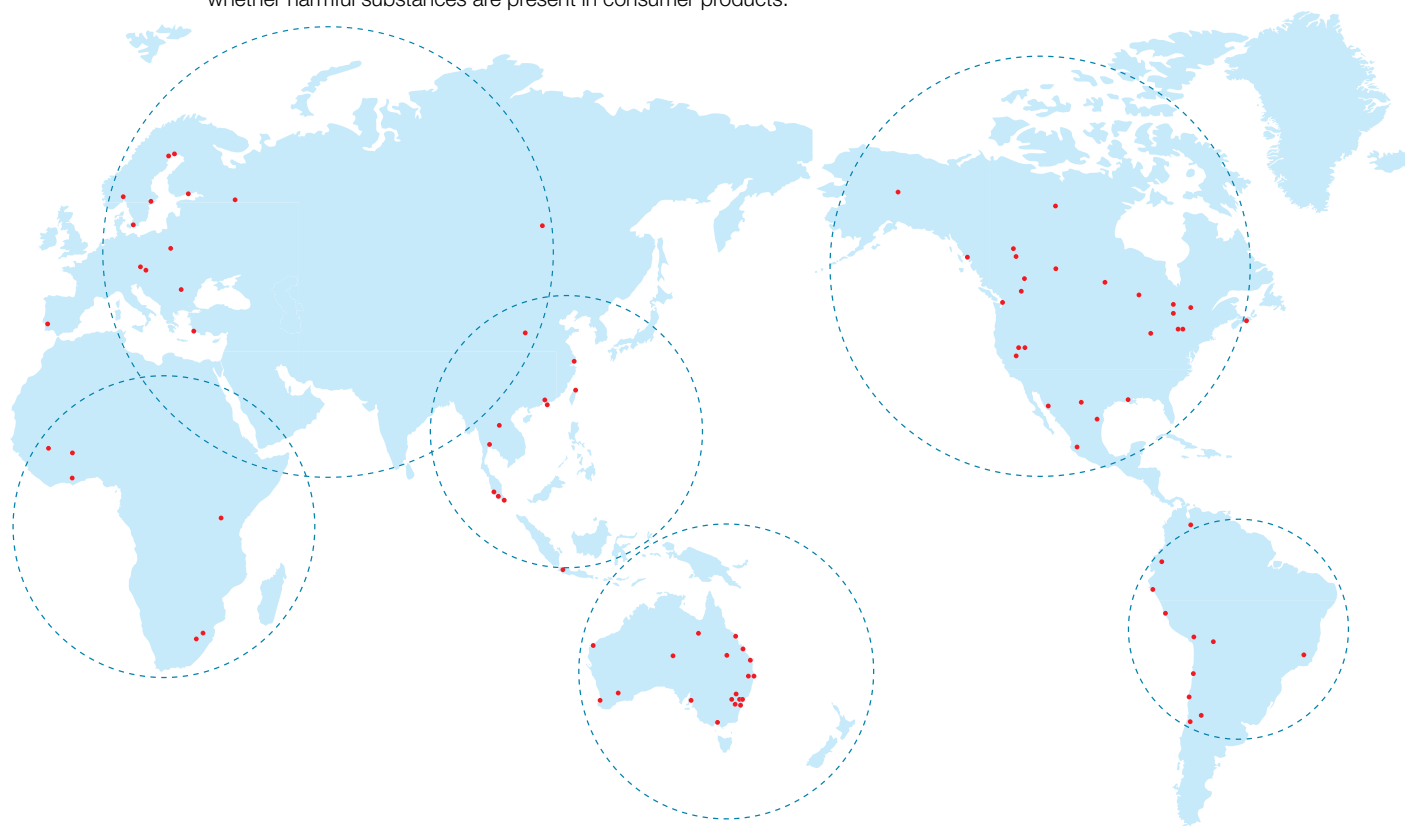
ALS Coal provides specialist services to the coal industry such as coal sampling and analysis and the certification of export cargoes.

Tribology Division

An independent provider of preventative maintenance oil analysis and diagnostic programs, the division services the mining, earthmoving, construction, transport, agricultural and industrial sectors.

In addition to the services provided by ALS' four main divisions, other laboratory services include; food testing (where they provide accredited and independent testing services for the food industry); pharmaceutical testing (where a comprehensive suite of tests is available to assist manufacturers and suppliers determine quality compliance of raw materials and final products); the testing of electronic components such as disk drives for contaminants and ROHS services that determine whether harmful substances are present in consumer products.

The following is an overview of activities conducted by the Group's four core divisions during 2007-08



OVERVIEW OF ACTIVITIES



Mineral Division

The division entered joint ventures with MMC Norilsk Nickel in Russia where a full service laboratory has recently been commissioned, and with JKTech Pty Ltd in Australia to provide high end mineralogy services to its global client base.

Growth in 2008-09 will primarily be driven by:

- Boosting share in targeted, high-growth markets, particularly in Africa, Europe and Asia
- Increased capacity of major hub labs in Peru, Vancouver, Perth and Johannesburg, as well as expansion of analytical capacity in Brazil
- Establishment of laboratory facilities in the Democratic Republic of the Congo, Finland, Colombia and Spain
- New laboratory in Ghana now on line

Coal Division

ALS completed the acquisitions of ACIRL, the premier coal laboratory group in Australia, for \$76.8 million and Witlab in South Africa.

Growth in 2008-09 will primarily be driven by:

- ACIRL providing a foundation for international expansion
- Organic growth and strategic acquisitions
- New capacity in Newcastle, Vancouver (via start-up laboratory) and South Africa (via recent Witlab acquisition)
- Strategic alliances with major customers
- Price increases and currency management
- Ongoing development of staff and standardisation of processes across all sites

Environmental Division

ALS acquired e-Lab, a mid-sized environmental analytical laboratory group based in Houston, Texas, in a deal worth approximately \$22 million.

Growth in 2008-09 will primarily be driven by:

- Broader geographic coverage throughout the US with strategic service depots
- In Australia, business to migrate to water supply/quality work
- Focus in Europe on internal process engineering and business development
- Rebuilding and expansion of laboratory facilities in Perth
- New laboratory in Zacatecas in Mexico
- Expansion of facilities in Brisbane and Townsville (Australia), Reno (USA), Vancouver (Canada) and Vientiane (Laos) and
- New feeder laboratories in Africa and China

Tribology Division

This division caters for the growing international demand for used oil analysis.

Growth in 2008-09 will primarily be driven by:

- Continued strength in Australian mining sector, particularly iron ore
- Strengthening of the Australian team to support global expansion
- Strategic acquisitions in selected markets to extend global network

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CAMPBELL CHEMICALS

Campbell Chemicals is one of Australia's leading specialists in the importation, manufacture and distribution of chemical and associated hygiene products, along with the provision of engineering systems, water treatment technologies and distribution of a wide range of fast moving consumer goods throughout the Pacific region.

- Provides an extensive range of industrial, commercial and consumer products as well as engineering services
- Operates offices throughout Australia, New Zealand, North America and the South Pacific
- Employs more than 365 people

The Group operates across a range of industries from food and beverage processing, healthcare and hospitality to consumer goods, commercial cleaning, laundry and agriculture.

The main business units within Campbell Chemicals are:

- **Cleantec Food Hygiene Systems**
- **Cleantec Commercial Hygiene Systems**
- **Cleantec Laundry Systems**
- **Panamex Pacific**
- **Deltrex Chemicals**

The division continued to improve its performance in the period under review, despite higher raw material costs and adverse movements in distribution costs associated with the increasing cost of crude oil. Overall, Campbell Chemicals delivered a pleasing increase in contribution after accounting for the sale of the consumer products contract manufacturing business in October 2007.

Review of business units as follows:

Cleantec FHS

Cleantec FHS is the leading supplier of cleaning and sanitising systems to Australia's food, beverage, dairy and red-meat industry. It also has two specialised in-house business units in Cleantec Water Treatment and Cleantec Chemical Systems Engineering.

This business is focused on providing complete hygiene outcomes for the food and beverage industries through the provision of chemical and site service components.

During the year, tight control over expenses allowed the business to perform well, helping offset the challenges faced by the ongoing consolidation of the dairy industry. The continued investment in skills development for the sales team throughout the year resulted in quick replacement of business loss through dairy market consolidation. The market continues to change rapidly in the face of ever maturing environmental concerns necessitating this business to be at the forefront of product and cleaning process innovation. An example of Cleantec's leadership in this area was this year's launch of "FOODSAFE" a cleaning validation system, resulting in it being awarded three state and the prestigious national dairy industry association of Australia award for innovation.

Outlook

In the year ahead, Cleantec FHS will pursue growth in non-traditional geographic markets while continuing to develop value added programmes for the existing customer base. Development plans for the New Zealand market remains on track and will continue to receive the planned focus and investment throughout the coming year. 2008/09 is expected to be a challenging year in the face of continued volatility in the cost of raw material builders. However, despite these challenges, significant organic growth is expected.



Cleantec CHS

Cleantec CHS serves the cleaning and sanitising needs of the healthcare, hospitality and building services industries throughout Australia, New Zealand and the Pacific Islands. In particular, the business provides specialist products for commercial applications from hospital sterilisation through to kitchen hygiene.

Sales and contribution for this business retracted slightly in the period under review due to a drop in demand through the distributor base on the back of falling tourism numbers and slowing demand. Many initiatives were introduced during the year to ensure that costs remained under control while market development activities had only mixed success.

Outlook

The 2008/09 year will see active development of the internal house branded product range for the Reward Distribution Group. Continued focus on the training and development of the technical sales skills and active call planning will be a priority in the coming year to ensure that milestones and strategic sales growth objectives are met.

Cleantec Laundry Systems

Cleantec Laundry Systems provides a range of services to commercial laundries from equipment through to chemicals.

The year in review saw the business disrupted by installation difficulties and other issues arising from several machinery projects. This year saw margins in the machinery and projects side of the business squeezed as the two major competitive offerings in Australia saw fit to adopt a direct representative model in Australia as opposed to the previous agency model.

Outlook

The coming year will see this business consolidate its administration activities in Brisbane while taking a more pragmatic view on laundry equipment projects going forward. The prime focus will be the growth of chemical sales opportunities while seeing the equipment side of the business maximising water treatment sales prospects and only taking equipment projects where strategically important.

In 2008/09, Cleantec CHS will be combined with Cleantec Laundry Systems to further lower costs by removing duplication.



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CAMPBELL CHEMICALS

Panamex Pacific

Panamex Pacific is a significant exporter of consumer and industrial goods throughout the Pacific Islands. Papua New Guinea is the business' largest single market, while others include North America, Fiji, New Caledonia and New Zealand.

In the past year Panamex Pacific enjoyed increased sales in strategically important markets and benefitted from cost-control initiatives introduced in the previous corresponding period.

Strategic product development continued during the year under review seeing the release of several products specifically tailored for the lucrative French Pacific territories with great success. An improvement in the PNG economic conditions, supported by significant efficiency improvements in manufacturing operations, saw the contribution from this business reach near historic levels. As a combined group, Panamex's contribution is at historic highs and this trend will continue.

Outlook

The business will increase its imported product base in Papua New Guinea and continue to drive efficiency improvements. The platform is set for a good performance in 2008/09 from the Papua New Guinea market and the French territories that are included in the New Zealand business. At a strategic level development work will continue on expanding market-tailored offerings to other like markets outside of the current Pacific boundary thus underpinning the aggressive growth opportunities that are ahead of this business.

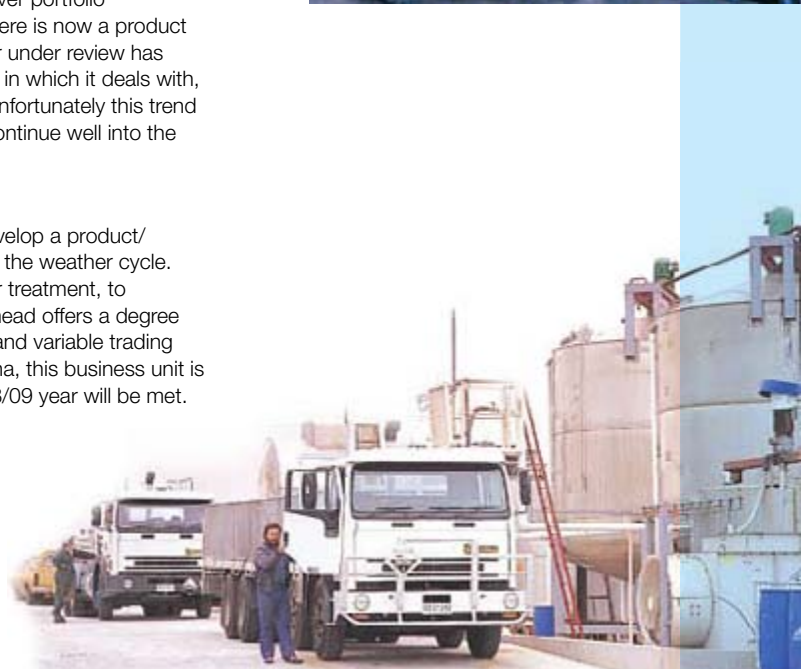
Deltrex Chemicals

Deltrex Chemicals is one of Australia's leading industrial and food chemical businesses, distributing a wide range of products and services to a host of industry sectors. The business supplies chemicals as raw material or in blended form as required. It also provides toll manufacturing to supply chemicals under the client's own brand.

The 2007/08 result showed robust organic growth at a sales line combining with vigilant cost control to see contribution returned to acceptable levels. This business has in past years been significantly exposed to the vagaries of weather patterns, however portfolio management has now moved it to a point where there is now a product range for either drought or rain conditions. The year under review has been one of volatility in many of the product ranges in which it deals with, in particular, those products sourced from China. Unfortunately this trend is not showing any sign of abating and is likely to continue well into the coming year.

Outlook

In the new financial year, Deltrex will continue to develop a product/consumer portfolio that insulates the business from the weather cycle. It will examine entering new markets, such as water treatment, to broaden opportunities for growth. While the year ahead offers a degree of challenge due to the current level of uncertainty and variable trading conditions surrounding products sourced from China, this business unit is confident that the growth expectations for the 2008/09 year will be met.



REWARD DISTRIBUTION

The Reward Distribution Group supplies non-food consumables to motels, hospitals, restaurants, fast food chains, five-star hotels, nursing homes, sporting clubs and the retail sector.



Review of 2007-08

Contribution from Reward Distribution declined in 2007-08 despite an increase in revenue from acquisitions made over the past 18 months. The business incurred higher than expected integration costs as it rationalised its product range, warehouses, IT systems and administrative functions nationally.

During the period, the domestic hospitality market has endured a downturn with a rise in the Australian dollar making overseas travel more attractive. Rising interest rates and petrol prices also appear to have weakened the demand for tourism.

In December 2007, a new national leadership structure was implemented with the view of refining the purchasing function, emphasising the importance of marketing and identifying back-of-house distribution issues. The appointment of a National Corporate Accounts Manager in March 2008 further strengthened corporate capability.

Internally, the division's operations continued to improve with a new leadership team introduced across the Brisbane and Gold Coast operations. This team has been focused on improving efficiencies within the areas of purchasing, customer service, inventory management and warehouse procedures.

North Queensland has also made progress through tighter controls over unnecessary expenditure. However, in late 2007 and early 2008 several sites in Queensland and the Northern Territory were affected by adverse weather conditions. The impact of these conditions saw a reduction in activity during the peak holiday season.

Opportunities for growth were identified within the Hospitality Store in Sydney. This includes the introduction

of commercial equipment and a revised commercial kitchenware and tabletop range. Ranging and service remain as an ongoing priority.

The Perth operation has also showed signs of improvement as the team expand their offering to the market, particularly in the areas of tabletop, paper goods and chemicals. Similarly, the New Zealand operation has also broadened their focus, resulting in significant growth of paper products.

2007/08 saw the launch of Reward Distribution's Customer Partnership events. These events form an integral link between the business and its key customers. To date, events have been held in Sydney, Melbourne, Brisbane and the Gold Coast with the aim of strengthening relationships and improving Reward's responsiveness to customer feedback. Further events are scheduled for 2008/09.

Work has been underway on the new Reward Distribution E-Commerce site due for launch in the latter part of 2008. This online tool will assist customers in researching the extensive product range, ordering online and managing their account. This tool will further assist Reward's account managers in offering the right solution to their customers.

Management capability has been a focus with increased levels of communication and reporting requirements. Restructures have been implemented at various sites to ensure that day to day operational matters do not detract from the ability to service and grow our customer base. Business unit managers have been provided with an improved Human Resources service to assist with employment, performance management and training and development.

08

REWARD DISTRIBUTION

The foundations required to operate Reward Distribution as a national, professionally-managed distribution business are now in place, freeing the division to focus its efforts on sales and the delivery of superior service.

Outlook for 2008-09

Improved performance in 2008-09 will deliver increasing profitability through measures such as improved rebate and credit control, greater warehouse efficiencies, firmer sales margins and reduced waste. The division will also concentrate on improved account management, inventory management, leadership development, and forecasting to identify medium and long-term risks. Tighter business controls, financial management, improved service and a professional image will attract more customers and deliver organic growth for the division.

Operationally, the Wagga Wagga site is earmarked for closure during 2008-09 whilst the Shepparton distribution centre will be replaced by a new sales office in the region. The use of Laverton as the distribution centre for Shepparton will enable the business to reap the benefits of increased warehouse efficiencies and reduced labour costs.

In May 2008, the Brisbane Showroom was relocated from Newstead to a newly appointed site in East Brisbane. This move has provided an opportunity to review the range within the Showroom, update the layout and provide undercover parking for customers. This move has also enabled the establishment of a 'Showroom standard' which can now be used to achieve consistency across all of Reward's Showrooms.

Capability management and the retention of key personnel will remain a priority in 2008-09. Accredited sales training will commence for account managers and customer service employees in June 2008, and will be rolled out nationally. Awards for Customer Service and Warehousing Excellence will also commence in recognition of the invaluable service provided by our support personnel. Other initiatives will include the establishment of a Key Talent Think Tank aimed at harnessing the many skills and years of experience held within the business.

In November 2008, the Cairns distribution centre will be relocated. This move will enable the operation to review current warehousing procedures, rationalise its product range, and place further emphasis on its paper goods and chemical supply.

The New Zealand operation (currently known as Proclean) will be rebranded to Reward Distribution in June 2008. This will mark the commencement of a series of initiatives aimed at improving the professionalism and performance of the New Zealand sites. Investment in IT will result in an overhaul of the current operating system and will enable greater levels of integration between the New Zealand and Australian units. A review of their product range and the disposition of slow moving stock will further support an increase in profitability.

In an effort to offset weakness in the domestic hospitality market, and reduce the volatility in Reward Distribution's revenue and earnings, the division will diversify beyond its traditional customers such as pubs, clubs, restaurants, resorts and cafes.

Nursing homes, correctional centres and hospitals will be targeted as the purchasing patterns of these organisations are more consistent and are not linked to entertainment expenditure.

Greater emphasis will be placed on compliance, strategic planning and capital expenditure through the introduction of a Balanced Scorecard for all Business unit managers. This, coupled with increased support from Reward executives and the implementation of a new performance management system, is aimed at improving the division's compliance record and ensuring that managers are aligned with the overall strategic direction of the business.

The new structure will allow **Reward Distribution** to continue to build critical mass and integrate recent acquisitions, while pursuing initiatives to further streamline the division.



GROUP MANAGEMENT

CAMPBELL BROTHERS LIMITED

Richard Stephens B Com, CA, MFTA

Group Finance Manager and Treasurer

Richard is responsible for the overall financial management of the Campbell Group, including treasury and taxation. He has extensive finance experience, having previously been employed in similar financial roles in the banking sector, most recently Suncorp-Metway Ltd.

Tim Mullen B Bus (Accounting), M Com Law, FCPA, FCIS

Company Secretary

Tim is responsible for corporate governance of the Campbell Group, incorporating company secretarial, legal management and investor relations. He has wide commercial experience, with previous employment in financial accounting roles with other public listed companies, namely Australian Provincial Newspapers and Queensland Nickel.

Michael Burcham B Sc, Grad Dip Env Qual, Grad Cert Risk

Management, Grad Dip AppCorpGov, MRACI, ACIS

Group Compliance and Risk Manager

Michael is responsible for the overall risk management of the Campbell Group, encompassing the development and implementation of a global corporate compliance program to meet relevant legislation, industry standards and codes of practice. He also oversees the group's health & safety and internal audit programs, as well as management of group insurances.

Susan White B.Bus (Strategic Human Resources Management),

MBA (Occupational Health & Safety), GAICD

Group Organisational Development Manager

Susan was appointed Group Organisational Development Manager in January 2008. She is responsible for the Campbell Group's workforce planning, especially talent development and executive succession.

Other key areas of focus include human resources, organisational development and remuneration strategy. She has extensive global human resources leadership experience having previously held HR Director roles with WorleyParsons and MacDonnells Law.

ALS LABORATORY GROUP

Henk Blok

Ph. D (Nuclear Chemistry), M Sc (Chemistry), Ing (Chemical Engineering)

Group Executive Vice President, Minerals Division

Henk is responsible for the strategic management of the ALS Group's global Minerals Division. He was previously General Manager of the Chemex Labs Group acquired by ALS in 1999.

Brian Williams

B Sc (Aust Environmental Studies), Grad Dip Mgmt (Gen Mgmt), RACI

Group General Manager (Australia, Asia, Europe), Environmental Division

Brian is responsible for the strategic management and development of ALS's Environmental Division in Australia, Asia and Europe. He has been with ALS since 1986 and has been instrumental in the development of ALS's involvement in the environmental analysis market during that time.

Raj Naran B Sc (Chemistry), B A (Mathematics)

Vice President (North America), Environmental Division

Raj is responsible for the strategic management of the ALS Environmental Division in North America, including Canada, USA, and Mexico. Raj was the President and CEO of e-Lab Analytical, Inc. group headquartered in Houston, Texas, which was acquired by ALS in October

2007. He brings to the position a wealth of management and technical expertise related to the environmental testing industry. Prior to founding e-Lab, Raj held a number of senior management positions with US based and multinational laboratory companies.

Paul McPhee B. Economics, AIMM

Group General Manager, Coal Division

Paul is responsible for the strategic management of ALS's global Coal Division. He has 23 years of coal and industry-related experience. Paul was CEO of ACIRL prior to ALS's acquisition of the company in October 2007. He has held senior global marketing, business development and commodity analysis roles with several of the world's leading enterprises including American Electric Power, BHP Billiton, and Rio Tinto.

Peter Jordan B App Sc (Chem)

Group General Manager, Tribology Division

Peter is responsible for the strategic management of the ALS Group's global Tribology Division. He has been with the ALS Group for over 10 years, during which time he has been involved in a variety of business improvement activities, including the identification and analysis of new business opportunities. He was extensively involved in assisting with the development and implementation of business growth strategies in Europe and Africa for ALS. He has more than 20 years senior business management experience gained with a number of companies both in Australia and in Asia.

Greg Affleck B Bus (Accounting), CPA

Financial Controller, ALS Laboratory Group

Greg is responsible for the financial management of ALS's global operations. He has extensive finance experience gained from more than twenty years employment with the ALS Group.

Brenda Caughlin Ph D

Vice President, Technology and LIMS Group, ALS Global

Brenda is responsible for technical development and oversight of the ALS Minerals group and Laboratory Information Management Systems for the global ALS group. She has a specialization in analytical spectroscopy and was instrumental in developing ICP services for the group and more recently, the integrated laboratory management system (GEMS) and client interface, Webtrieve, for the ALS Chemex group. Brenda has an international reputation as a geochemical expert, with over twenty five years experience in the industry.

CAMPBELL CHEMICALS

David Brown B Bus (Accountancy)

Group General Manager, Campbell Chemical

David is responsible for overall management of the Group's chemical businesses, headquartered at Darra, Brisbane. He has been with Campbell Brothers for seven years. He has extensive commercial management experience, previously employed by Amcor/Southcorp in the plastic packaging industry for 15 years.

REWARD DISTRIBUTION

Chandra Clements B Sc (Psychology), B Bus (Human

Resources and Industrial Relations), Grad Cert Com, AIMM

Group General Manager, Reward Distribution

Chandra was appointed Group General Manager of Reward Distribution in November 2007. She is responsible for overall management, strategy and development of the Group's hospitality wares business, headquartered at the Gold Coast, Queensland.

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DIRECTORS

Members of the Board

From left to right: Tim Mullen (Company Secretary), Ray Hill, Geoff McGrath, Nerolie Withnall, Bruce Brown, Tony Love, Martin Kriewaldt and Greg Kilmister



Geoffrey J McGrath MIE.
Chairman and Independent Non-Executive Director
 Age 66

Mr McGrath became a director of Campbell Brothers in 2003 and was appointed chairman effective 1 August 2004. He retired from GWA International Limited in May 2003 after 43 years service, including the last 10 years as Managing Director. He is a director of Fletcher Building Limited (appointed July 2003) and GWA International Limited (appointed July 2004). He is Chairman of the Remuneration Committee and a member of the Audit and Compliance Committee.

Greg F Kilmister B. Sc. (Hons), F.R.A.C.I., M.A.I.G.
Managing Director and Chief Executive Officer
 Age 52

Mr Kilmister was appointed Managing Director and Chief Executive of Campbell Brothers effective 1 September 2005. He first joined the Company in 1981 and was the General Manager of the Company's highly successful ALS Laboratory Services Group from 1992 through to 2005.

Antony J Love B. Com., A.A.U.Q., F.A.P.I., F.A.I.C.D.
Independent Non-Executive Director
 Age 61

Mr Love was appointed a director of Campbell Brothers in 1986. He is Managing Director of McGee Isles Love Pty Ltd and a director of A.P. Eagers Limited (appointed March 1994) and Bank of Queensland Limited (appointed June 1995). He is a member of the Remuneration Committee.

Nerolie Withnall B.A., LL.B., F.A.I.C.D.
Independent Non-Executive Director
 Age 64

Mrs Withnall was appointed a director of Campbell Brothers in 1994. She is a director of Pan Australian Resources Limited (appointed May 1996), Alchemia Limited (appointed Oct 2003) and Hedley Leisure and Gaming Property Partners Limited (appointed June 2007, listed on ASX August 2007). She was previously a director of QM Technologies Limited (Sept 2003 – April 2008) and the Major Sports Facilities Authority. She is chairman of the Brisbane Institute and a member of the Takeovers Panel,

the Corporations and Markets Advisory Committee and the Senate of the University of Queensland, and formerly a member of the Council of the Australian National Maritime Museum. She is a former partner of Minter Ellison Lawyers. She is Chairman of the Audit and Compliance Committee.

Martin D Kriewaldt B.A., LL.B. (Hons), F.A.I.C.D.
Independent Non-Executive Director
 Age 58

Mr Kriewaldt was appointed a director of Campbell Brothers in 2001. He provides advice to lawyers Allens Arthur Robinson and insurance brokers Aon Corporation. He is Chairman of Opera Queensland Limited and a director of Suncorp-Metway Ltd (appointed Dec 1996), GWA International Limited (appointed 1992), Oil Search Limited (appointed April 2002) and Impedimed Limited (appointed March 2005, listed on ASX October 2007). He was previously a director of Peptech Limited from October 2003 to August 2007. He is a member of the Audit and Compliance Committee and the Remuneration Committee.

Raymond G Hill F.A.I.C.D.
Independent Non-Executive Director
 Age 66

Mr Hill was appointed a director of Campbell Brothers in 2003. He retired in July 2002 after a career spanning thirty years with Queensland dairy company Parmalat Australia Ltd (formerly Pauls Limited) including the last 8 years as Group General Manager/Managing Director. He remains a director of Parmalat Australia Ltd (unlisted public company). He is a member of the Audit and Compliance Committee.

Bruce R Brown B. Com., A.A.U.Q.
Non-Executive Director
 Age 63

Mr Brown was appointed a non-executive director of Campbell Brothers effective 1 October 2005. He retired as Managing Director and Chief Executive of the Company on 31 August 2005 after 30 years service. He is a director of Transpacific Industries Group Ltd (appointed March 2005). He was previously a director of Flight Centre Limited from December 2005 – November 2007.

CORPORATE GOVERNANCE STATEMENT

For the year ended 31 March 2008

The policies and practices developed and implemented by the Board over many years meet or exceed the revised Principles and Recommendations set out in ASX's Corporate Governance Council guidelines (ASX guidelines) which became effective from 1 January 2008.



This statement and information identified therein are available on the Company's website at www.campbell.com.au under the Corporate Governance section.

Principle 1: Board and management

A summary of the Company's board charter is posted on the Company's website which sets out the role, powers and responsibilities of the Board.

Principle 2: Board structure

During the financial year the Board comprised six non-executive directors (including the Chairman) and one executive director (the Managing Director). The names, skills and experience of the directors in office at the date of this Statement, and the period of office of each director, are set out in the Directors' Report and in the Annual Report.

Independent professional advice

Each director has the right, at the Company's expense, to seek independent professional advice in relation to the execution of Board responsibilities. Prior approval of the Chairman, which will not be unreasonably withheld, is required. Where appropriate, directors share such advice with the other directors.

Independence of directors

The Board considers that all directors, other than Mr G Kilmister (the Managing Director) and Mr B Brown (non-executive director), are independent of management influence. The Board distinguishes between the concept of independence, and the issues of conflict of interest or

material personal interests which may arise from time to time. Wherever there is an actual or potential conflict of interest or material personal interest, the Board's policies and procedures ensure that:

- the interest is fully disclosed and the disclosure is recorded in the register of directors' interests and in the Board minutes
- the relevant director is excluded from all considerations of the matter by the Board
- the relevant director does not receive any segment of the Board papers or other documents in which there is any reference to the matter.

Mr Brown was appointed a non-executive director on 1 October 2005. He was the former Managing Director and Chief Executive of the Company, retiring effective 31 August 2005. Accordingly, he does not meet the definition of an independent director as outlined in the guidelines. In the Board's view, this in no way impacts on Mr Brown's effectiveness and performance as a director nor does it affect Mr Brown's ability to exercise independent judgment in carrying out his duties as a director.

The chairman of the Company is an independent non-executive director.

The roles of chairman and chief executive are exercised by separate individuals.

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CORPORATE GOVERNANCE STATEMENT**For the year ended 31 March 2008****Principle 2: Board structure** *continued***Nomination Committee**

The full Board is the Nomination Committee and regularly reviews Board membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance, and consideration of appointments and removals.

When a Board vacancy occurs, the Nomination Committee identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms and are subject to rotational requirements for re-election. Criterion for continued office is effective contribution, which is regularly reviewed in the processes referred to above.

A summary of the role, rights and responsibilities of the Nomination Committee, as well as the committee's policy for appointment of directors, is available on the Company's website.

Board performance

The Board undertakes an annual review of its performance together with an assessment of the Group's executive management.

The Board provides an appropriate induction program for new directors, permits directors to obtain independent professional advice, have access to the Company Secretary, decide on the appointment and removal of the Company Secretary, and has procedures for the provision of information, including requests for additional information. The Company Secretary attends all Board meetings.

Induction and training programs for key executives are designed and implemented under the supervision of the Managing Director.

Principle 3: Ethical standards**Code of Conduct**

Through established practices and policies the Board supports the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Group. The Board's policies exceed all the ASX guidelines.

Appropriate training programs on the Group's internal policies including workplace health and safety, environmental law compliance, trade practices legislation and affirmative action programs support this process.

The Board recognises that managing "natural, human, social and other forms of capital" may also assist in creating value for shareholders. To this end the Board seeks, by the individual contributions of directors and by encouraging activities of its executives, to uphold community standards and to maintain good relations with community and government organisations. However, the Board seeks to balance these considerations in order to ensure that the claims of legitimate stakeholders do not prejudice or diminish the legitimate expectations of

shareholders. The Board does not support a process by which companies are regulated in their dealings in these areas, beyond the consideration of their programs to ensure compliance with legal and ethical standards.

A Code of Conduct which draws together all of the Company's policies and codes has been established and a summary of its main provisions is available on the Company's website.

Trading in company securities by directors, officers and employees

The Board has established written guidelines, set out in its Insider Trading Policy, that restrict dealings by directors and relevant employees in the Company's shares, and in shares in other companies related to the Company's operations.

The Insider Trading Policy identifies certain periods when, in the absence of knowledge of unpublished price-sensitive information, directors and relevant employees may buy or sell shares. These periods include the four weeks following the announcement of half year and full year results and following the Annual General Meeting.

To protect in particular the confidentiality of potentially price sensitive information about the clients of the laboratory services division of the Company, all employees of that division are specifically prohibited from trading in the shares of a company which, at the time, is a client of the division.

A summary of the main provisions of the Insider Trading Policy is published on the Company's website.

Principle 4: Financial reporting**Certification of financial reports**

The Managing Director and Group Finance Manager state in writing to the Board each reporting period that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. The statements from the Managing Director and Group Finance Manager are based on a formal sign off framework established throughout the Company and reviewed by the Audit and Compliance Committee as part of the six-monthly financial reporting process.

Audit and Compliance Committee

The Company has an established Audit and Compliance Committee operating under written terms of reference approved by the Board which are reviewed annually.

The Audit and Compliance Committee comprises four independent non-executive directors with an independent chairman who is not also chairman of the Board. The names and qualifications of members of the Audit and Compliance Committee are set out in the Directors' Report and in the Annual Report. Other non-executive directors of the Board are entitled to be present at all meetings of the Committee. Meetings of the Committee are attended, by invitation, by the Managing Director, the Group Finance Manager, the Group Compliance & Risk Manager, the engagement partner from the Company's external auditor and such other senior staff or professional

CORPORATE GOVERNANCE STATEMENT

For the year ended 31 March 2008

people as may be appropriate from time to time. The number of meetings of the Committee held during the year are set out in the Directors' Report.

Minutes of all Committee meetings are provided to the Board and the Chairman of the Committee also reports to the Board after each Committee meeting.

Auditor independence

The external auditor, KPMG, has declared its independence to the Board through its representations to the Committee and provision of its Lead Auditor's Independence Declaration to the Board, stating that there have been no contraventions of auditor independence requirements as set out in the Corporations Act or any auditors' professional code. During the year, the Committee carried out a tender for the provision of external audit services for the Company. Based on the recommendation of the Committee, the Board confirmed the continued appointment of KPMG as external auditor of the Company.

The Audit partner is to be rotated as from the audit period commencing 1 April 2008. The Audit and Compliance Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards for auditor independence and associated issues are fully complied with.

The Audit and Compliance Committee's terms of reference are available, along with other information suggested in the ASX guidelines, on the Company's website.

Principle 5: Material disclosure

The Company has established policies and procedures for timely disclosure of material information concerning the Company. This includes internal reporting procedures in place to ensure that any material price sensitive information is reported to the Company Secretary in a timely manner. These policies and procedures are regularly reviewed to ensure that the Company complies with its obligations at law and under the ASX Listing Rules.

The Company Secretary is responsible for communications with the Australian Securities Exchange including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. The matter of continuous disclosure is a permanent item on the agenda for all Board meetings and is specifically addressed by each director at those meetings.

The directors have obligations under a Disclosure of Interests and Transactions in Securities Agreement entered into with the Company to inform the Company of any securities trading in the Company.

The directors have made disclosure that they have no material margin lending terms in relation to their holding of Company securities that could impact on the Company's share price.

Announcements made to the ASX by the Company are published on the Company's website.

A summary of the policies and procedures the Company has in place to ensure compliance with ASX Listing Rule disclosure requirements is published on the Company's website.

Principle 6: Shareholder communication

Communications strategy

The Company aims to keep shareholders informed of the Company's performance and all major developments in an ongoing manner. Information is communicated to shareholders through:

- the annual report which is published on the Company's website and distributed to shareholders where specifically requested;
- the half-year shareholders' report which is published on the Company's website and distributed to shareholders where specifically requested, containing summarised financial information and a review of the operations during the period since the annual report; and
- other correspondence regarding matters impacting on shareholders as required.

All material documents that are released publicly are made available on the Company's web site.

Shareholders are also encouraged to participate in the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as separate resolutions.

Availability of auditor at AGM

The senior engagement partner (or his representative) of the Company's external auditor, KPMG, attends the Company's annual general meetings and is available to answer questions from shareholders about the audit. The Chairman advises the shareholders of this at the commencement of each annual general meeting.

Principle 7: Risk management

Oversight of the risk management function

The Company places a high priority on risk management and identification throughout the Group's operations and regularly reviews its adequacy in this regard. Under the guidance of the Audit and Compliance Committee, a comprehensive risk control program has been developed which includes legislative compliance, property protection and health, safety and environment audits using risk assessors, self audits, engineering and professional advisers.

The Company has a qualified Compliance and Risk Manager who oversees the design and implementation of the risk control program, monitors performance and develops appropriate programs to enhance awareness and compliance. These programs include training for employees, using both internal and external experts. Regular review meetings are held with divisional general managers and senior personnel to provide guidance and strategies for implementation of risk mitigation measures in their businesses.

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CORPORATE GOVERNANCE STATEMENT**For the year ended 31 March 2008****Oversight of the risk management function** *continued*

The Group Compliance and Risk Manager reports in writing to the Board each month and personally to meetings of the Audit and Compliance Committee and supervises not only the six-monthly sign off process but also the follow up of any non-compliances or identified areas requiring further training or risk management.

Internal financial controls

The Company has an established internal audit function under the control of the Group Compliance and Risk Manager. Internal audits are carried out in regular consultation with the external auditors but are independent of them.

The Group Finance Manager reports in writing and personally to each Board meeting, attends all meetings of the Audit and Compliance Committee and provides a written report to that Committee.

Certification of risk management controls

In conjunction with the certification of financial reports under Principle 4, the Managing Director and Group Finance Manager state in writing to the Board each reporting period that:

- the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The statement from the Managing Director and Group Finance Manager is based on a formal sign off framework established throughout the Company and reviewed by the Audit and Compliance Committee as part of the six-monthly financial reporting process.

A description of the Company's risk management policy and internal compliance and control system is available on the Company's website.

Principle 8: Remuneration

The Remuneration Committee of the Board of Directors is responsible for recommending and reviewing remuneration arrangements for the directors, the chief executive officer and the senior executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Executives, other than the non-executive directors, are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. To assist in achieving these objectives, the Company's remuneration policy links the nature and amount of executive directors' and senior executives' remuneration to the Company's financial and operational performance. All key senior executives have the opportunity to qualify for participation in the Company's Short Term Incentive (STI) and Long Term

Incentive (LTI) Plans which currently provide benefits where specified performance criteria are met.

Key executives are those who are directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

Remuneration Committee

The Board has an established Remuneration Committee, comprising three non-executive directors. Names of members and their attendance at meetings of the Committee are set out in the Directors' Report.

A summary of the Committee's role, rights, responsibilities and membership requirements is available on the Company's website.

Structure of remuneration

The structure of non-executive directors' remuneration and that of executives is set out in the 'Remuneration Report' section of the Directors' Report.

Details of the nature and amount of each element of the remuneration of each director of the Company and each key executive of the Company and the consolidated entity having responsibility for its operational performance for the financial year are disclosed in the 'Remuneration Report' section of the Directors' Report. The current level of non-executive directors' fees is \$550,000 per annum, exclusive of the Superannuation Guarantee Charge, which was last approved by shareholders at the 2006 AGM. Shareholders will be asked to adopt, as a non-binding vote, the Remuneration Report as contained in the Annual Report for the financial year ended 31 March 2008.

Directors' retirement benefits

There are no Directors' retirement benefits other than statutory superannuation. Details are set out in the 'Remuneration Report' section of the Directors' Report.

Share plan

The Remuneration Committee is responsible for reviewing recommendations with respect to issues under the Company's share plan, which was approved by shareholders at the 1996 AGM. Directors approve issues under the plan only after being satisfied that this is in accordance with the terms of shareholders' approval. There were no new issues of shares under the plan during the year. There were no options granted during the year as the Board had previously resolved to cease the Option Plan.

Long Term Incentive (Equity) Plan

Shareholders will be asked to approve the Long Term Incentive (Equity) Plan (LTIP) as contained in the 2008 Notice of Meeting. It is proposed that the LTIP will be effective for the initial three year period commencing 1 April 2008.

Corporate Social Responsibility

Campbell Brothers is committed to ensuring that it acts in a responsible and ethical manner in carrying out its business activities. It endeavours to achieve this by operating in ways that meet, or exceed, the ethical, legal, commercial and public expectations that society has of business.



The following are some practices that the Company has adopted to engage stakeholders in relation to its business activities.

Community

Donations

The Campbell Brothers Group supports many charitable organisations in the communities it operates; hospitals, youth clubs, volunteer and not-for-profit organisations, and research institutes to name a few.

Sponsorships

Campbell Brothers continues to sponsor the Opera Queensland Young Artist Program.

Awards/Prizes

The Company makes available cash prizes for awards to students who gain the best grades in relevant subjects within the Commerce and Chemistry faculties at the University of Queensland and Queensland University of Technology in Brisbane.

Fundraising

ALS Laboratory Group in North America holds an annual golf day to help raise funds in support of the Alberta Cancer Foundation.

Workplace

Employee Health and Wellbeing

Campbell Brothers is proactive in playing a vital role in the health of their employees through workplace strategies and creating a healthy workplace environment.

The Company runs an executive health program in Australia for its senior executives, in conjunction with Wesley Corporate Health. The program reviews the individual's medical information, health and lifestyle. A similar health evaluation is offered to all overseas senior executives throughout the group who are in a high risk category.

The Company has a very active risk management program that has been addressing best practice in workplace manual handling injuries through employee education, workplace reengineering and the use of mechanical aids.

A healthy workplace environment reduces major employee health risk factors and improves employee productivity.

Corporate Social Responsibility

Workplace *continued*

Code of Conduct

Through established practices and policies the Board supports the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Group.

Appropriate training programs on the Group's internal policies including workplace health and safety, environmental law compliance, trade practices legislation and affirmative action programs support this process.

Environment

The Company is committed to complying with environmental legislation, standards, and codes of practice relevant to the particular businesses in which it operates. Each of its main chemical manufacturing sites located in Brisbane, Sydney and Melbourne holds a current licence and or consent from the relevant environment protection authority or local council.

The Company participates directly in national industry associations, including ACCORD Australasia. ACCORD liaises with government authorities, reviews regulation and develops pro-active industry policies on relevant environmental issues.

A number of environmental initiatives were implemented by the Company during the year, including:

- installation of a stormwater drainage isolation system and new trade waste system at the Campbell Chemical site in Girraween which will improve the management and control of potential chemical spills on site and result in a reduced trade waste load being discharged to sewer,
- an upgrade of the main chemical storage bund for the acid production centre at Campbell Chemical in Laverton ensuring any potential spills are contained within the production area, and
- an external environmental review conducted at the Campbell Chemical Girraween site and the recently acquired coal testing facilities throughout Queensland and New South Wales.

The Company has also implemented a global Health Safety and Environment Minimum Standard. As part of the standard each site is required to implement regular meetings and training sessions with all staff on relevant environmental issues, conduct environmental risk assessments and audits, and senior management are to review all reported environmental incidents. External audits and internal reporting and monitoring ensure compliance with site licence conditions and relevant legislation throughout the year.

Climate Change Initiatives

As part of the Company's risk management program, a strategic plan has been developed for the period 2008 to 2011. Management of the Company's impact on the environment is a key component of the strategic plan. In addition to the energy, water, and waste management programs already completed throughout the group in a number of divisions, there will be a coordinated approach across the group globally to identify the Company's current impact on the environment and set targets that each business must strive to meet. A business report card will be completed annually reporting against these targets. Energy, waste and water efficiency programs will commence with site audits across all divisions establishing a baseline for the group. Greenhouse gas emissions will also be tracked (reported in tonnes of CO₂ equivalent per year).

A recognition program will be established encouraging sites to go beyond key performance indicators set by the Company and will recognise best practice activities across the group. The ambition of the Company's environmental management program is to reduce the group's combined carbon footprint through energy efficiency programs and emission reduction schemes, and by investigating the use of renewable energy. The approach will be based on measuring, reducing and reporting the Company's carbon footprint.



FINANCIAL REPORT

For the year ended 31 March 2008

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DIRECTORS' REPORT**For the year ended 31 March 2008**

The directors present their report together with the financial report of Campbell Brothers Limited ("the Company") and of the Group, being the Company and its controlled entities, for the year ended 31 March 2008 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Geoffrey J McGrath MIE.

Chairman and Independent Non-Executive Director
Age 66

Greg F Kilmister B. Sc. (Hons), F.R.A.C.I., M.A.I.G.

Managing Director and Chief Executive Officer
Age 52

Antony J Love B. Com., A.A.U.Q., F.A.P.I., F.A.I.C.D.

Independent Non-Executive Director
Age 61

Nerolie Withnall B.A., LL.B., F.A.I.C.D.

Independent Non-Executive Director
Age 64

Martin D Kriewaldt B.A., LL.B. (Hons), F.A.I.C.D.

Independent Non-Executive Director
Age 58

Raymond G Hill F.A.I.C.D.

Independent Non-Executive Director
Age 66

Bruce R Brown B. Com., A.A.U.Q.

Non-Executive Director
Age 63

2. Company Secretary**Tim Mullen** B. Bus, M. Com Law, F.C.P.A, F.C.I.S.

Mr Mullen was appointed Company Secretary of Campbell Brothers on 27 February 2007. He is a Chartered Secretary and a member of CPA Australia. He has a background in financial and commercial management and company secretarial practice. He has been with Campbell Brothers for eleven years. His main responsibilities are corporate governance and legal management of the Group.

3. Principal activities

The principal activities of the Group during the course of the financial year were:

- Provision of consulting and analytical laboratory services.
- Manufacture and distribution of cleaning agents and chemicals for both domestic and industrial customers.
- Distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.

During the year the Group sold the consumer products contract manufacturing business – refer note 37 to the financial statements. There were no other significant changes in the nature of the activities of the Group during the year.

4. Review and results of operations

The year to March 2008 saw the Group achieve excellent results in both financial performance and execution of its strategic plan. The Group continued to pursue its policy of maintaining growth and generating the best possible return on its investments. In particular, the ALS Laboratory Group has continued with its strategy of becoming a global provider of a diverse range of analytical testing services.

Net profit

Underlying net profit after tax (excluding unusual items) attributable to equity holders of the Company increased by 38.0% to \$71.27 million for the year ended 31 March 2008, from the \$51.65 million achieved last year. The result was realised from a turnover of \$772.29 million, representing a 16.5% increase on the \$662.65 million in 2007.

The major factor behind this increase has been the continuing strong performance of the ALS Laboratory Group which has experienced ongoing demand for its environmental and minerals testing services.

Directors have declared a final partly franked (50%) dividend for the year of 60 cents per share (2007: 42 cents partly franked) bringing the total partly franked (50%) dividend for the year to 95 cents (2007: 70 cents partly franked).

The consolidated result including discontinued operations is summarised:

	This Year \$'000	Last Year \$'000
Revenue	772,286	662,654
Profit before financing costs, income tax and unusual items	111,760	83,989
Net financing costs	(9,775)	(6,849)
Income tax expense relating to profit before unusual items	(30,330)	(25,540)
Profit after income tax before unusual items	71,655	51,600
Net (profit) / loss attributable to minority interests before unusual items	(385)	48
Profit before unusual items, attributable to equity holders of the company	71,270	51,648
Unusual items net of income tax attributable to equity holders of the company - refer note 9 to the financial statements	5,549	7,418
Profit attributable to equity holders of the company	76,819	59,066

DIRECTORS' REPORT

For the year ended 31 March 2008

4. Review and results of operations *continued*

Net profit *continued*

Contributions from business divisions are as follows:

ALS Laboratory Group

	2008 \$'000	2007 \$'000	Increase
Revenue	468,043	342,150	36.8%
Segment contribution	112,488	79,486	41.5%

ALS Laboratory Group posted record revenue and profit contribution during the year despite the unfavourable effects of movements in foreign exchange markets. The results which are characterised by an improved return on revenue were derived from very strong market growth in minerals analysis across all regions and acquisitions in the environmental and coal testing sectors during the past year – refer State of Affairs below.

ALS has begun the March 2009 financial year with a new management structure re-organised along the lines of global business divisions. This approach is designed to ensure the business remains focussed on its strategy of becoming a global provider of a diverse range of analytical testing services.

Campbell Chemicals

	2008 \$'000	2007 \$'000	Increase
Revenue	152,819	139,235	9.8%
Segment contribution	9,680	7,765	24.7%

The Chemicals division recorded increased revenue and contribution from both the Panamex Pacific and Industrial Chemical business units during the year.

Panamex Pacific derived higher sales revenue from strategically important markets and has benefited from cost control initiatives introduced in the previous year. The Industrial Chemical business produced an improved result despite tightening margins, assisted by a robust approach to controlling overheads.

Both business units will concentrate on deriving continued growth from a focus on servicing new and existing markets in the year ahead.

Reward Distribution

	2008 \$'000	2007 \$'000	Increase/ (Decrease)
Revenue	145,743	134,998	8.0%
Segment contribution	4,595	5,506	(16.5)%

Reward Distribution experienced a fall in profitability despite higher revenue during the financial year. The business has continued to incur high levels of integration and restructuring costs as it rationalises products, warehouses, IT systems and administrative functions across its national network.

The division's new management team is implementing a strategy to ensure the future profitable growth of the business. Performance improvements are expected to become evident during the first half of the coming year. It will concentrate on deriving maximum value from being a professionally managed distributor in a national market.

5. Dividends

Dividends paid or declared by the Company since the end of the previous financial year are:

	Cents per share	Franked amount (cents)	Total \$'000
Ordinary dividends declared and paid during the year:			
Final 2007, paid 2 July 2007	42.0	21.0	21,681
Interim 2008, paid 17 December 2007	35.0	17.5	18,174
Total amount			39,855

Ordinary dividend declared after the end of the financial year:

Final 2008, to be paid 1 July 2008	60.0	30.0	31,282
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The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2008 and will be recognised in subsequent financial reports.

The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30%.

6. State of affairs

Changes in the state of affairs of the Group during the financial year resulted from its continued strategy of business expansion and diversification in laboratory testing services. Details are as follows:

- ALS Laboratory Group increased its global presence in environmental testing with the acquisition of the US-based e-Lab Analytical group in August 2007;
- During the year, ALS entered into two strategic joint ventures with:
 - MMC Norilsk Nickel to provide geochemical and assay services to Norilsk and other international companies operating in Russia and
 - Australian technology transfer company, JKTech Pty Ltd, for the provision of automated mineralogy and diagnostic services to mining and mineral processing clients;
- ALS grew its profile in global black coal analytical and technology services with two acquisitions during the year - ACIRL Pty Ltd in Australia and Witlab (Proprietary) Limited in South Africa; and
- A strategic decision was made to sell the consumer products contract manufacturing business in September 2007.

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

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DIRECTORS' REPORT**For the year ended 31 March 2008****7. Remuneration report****Remuneration policies****Overview of remuneration policies – audited**

The Board recognises that the continued growth and strong financial performance of the Group depends upon its ability to attract and retain highly skilled executives in a competitive environment. To address this need the Board has established a Remuneration Committee, which is guided by a Remuneration Committee Charter. The Charter determines the terms of reference for the Remuneration Committee which includes the management of the Group's Executive and Board Remuneration Policy.

The Remuneration Committee of the Board of Directors is responsible for reviewing and recommending compensation arrangements for the directors, the chief executive officer and other key management personnel. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and management team. Executives are given the opportunity to receive their base emolument in the form of cash and non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost for the Group. The Remuneration Committee obtains independent advice on remuneration strategy and the appropriateness of remuneration packages given trends in comparative companies locally and internationally.

Non-executive Directors Remuneration Framework – audited

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2006 AGM, is not to exceed \$550,000 (excluding Superannuation Guarantee Charge) per annum. Non-executive directors do not receive options on securities or any other performance based remuneration. Directors' fees cover all main board activities including membership of board committees. In considering the level of remuneration for non-executive directors, the Remuneration Committee takes into account independently sourced survey data and other information about the level of fees and benefits being paid to non-executive directors by comparable companies.

The current fee structure effective from 1 July 2007 is outlined below:

	Board \$	Audit and Compliance Committee \$	Remuneration Committee \$
Chairman	120,000	25,000	5,000
Member	60,000	12,500	2,500

The above amounts are the remuneration paid annually and are exclusive of mandatory superannuation contributions payable by the Group on behalf of the directors.

Executive Director and Executive Remuneration Framework – audited

The Board is committed to delivering fair and equitable remuneration and reward practices that motivate executives, taking into account internal and external relativities and the Group's ability to meet commercial objectives.

Pursuant to the Executive and Board Remuneration Policy the Group's reward structure for invited executives comprises the following elements:

- Fixed remuneration comprising pre-determined cash and benefits.
- Variable ("at risk") remuneration comprising incentive payment opportunities with a short term (annual) and long term (three year) focus.
- Recognition and non-financial reward.

The remuneration policy aims to ensure that:

- Rewards are competitive in motivating, attracting and retaining executive talent to deliver continued and sustainable growth in total shareholder returns.
- Executives receive a level of reward that reflects the Group's performance and is also commensurate with the executive's performance, contribution and experience.
- Remuneration is aligned with and supports the Group's business strategies and capability requirements.

Fixed remuneration – audited

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, business unit, and overall performance of the Group and market practices. In addition external consultants provide analysis and advice to ensure key management personnel's remuneration is competitive in the market place.

At risk remuneration – audited

The objective of variable "at risk" remuneration is to encourage exceptional performance, to focus effort on key business drivers, and to reward performance and contribution. To this end senior executives may be invited to participate in the Group's Executive Incentive Scheme providing Short Term ('STI') and Long Term ('LTI') Incentives approved by the Board. The incentives available under this scheme are at risk and contingent upon the achievement of defined financial performance hurdles that must be delivered by the executive during the period.

The hurdles may relate to both financial and individual targets. Financial performance targets relate to either the Group, or business unit results relevant to each individual. Individual performance targets relate to key objectives (KPIs) that must be delivered by the executive during the period.

DIRECTORS' REPORT

For the year ended 31 March 2008

7. Remuneration report *continued*

At risk remuneration – audited *continued*

The STI plan is an at risk cash bonus structure for which the incentive period runs until the end of each financial year. Performance hurdles for individual executives are determined annually and ratified by the Remuneration Committee. Executives STIs may not exceed 30% as a proportion of the individual executive's total employment cost, and range between 10% and 30% as individually determined by the Remuneration Committee.

Other executives who are not subject to the STI plan are entitled to annual bonuses where profitability criteria are achieved, subject to final approval by the Remuneration Committee which has the ultimate discretion over payment.

The Group maintains a LTI plan aimed at achieving ongoing growth in the business units within return on investment parameters. The plan operates to provide invited executives a secondary at risk cash performance bonus, which is measured incrementally over a three year hurdle horizon. Performance targets are ratified by the Remuneration Committee at the beginning of each three year period.

The Group proposes to introduce a share-based LTI plan during the year to March 2009. Approval for the new plan will be sought from shareholders at the AGM in August 2008.

Consequences of performance on shareholders wealth – unaudited

In considering the Group's performance and creation of shareholder wealth, the Remuneration Committee has regard for the following performance indicators in respect of the current financial year and the previous four financial years.

The strategy of the Remuneration Committee in maintaining the Group's Executive Remuneration Policy is to align growth in shareholder value with reward provided to the executive. This has both a short and long term (three years) focus.

The primary performance hurdles for executives under the STI and LTI plans are:

- NPAT targets in relation to the Group or EBIT targets where these are in relation to specific business units.
- The STI plan provides financial stretch targets for executives based on NPAT or EBIT criteria which executives must achieve in order to receive 100% of their "at risk" STI. This "at risk" STI component is pro rated where the executive's business unit does not attain the stretch target but may still reach minimum financial performance hurdles.

- The LTI plan similarly rewards executives on achieving pre-determined NPAT or EBIT criteria however the hurdle horizon focuses on a cumulative three year cycle. Minimum financial hurdles are set for each of the three intervening financial periods and are cumulative year on year. The cumulative performance hurdle is assessed at the end of the three year period and the "at risk" LTI component becomes payable or is forfeited by the executive at this time. The existing LTI three year hurdle horizon expired on 31 March 2008.

The stretch targets and minimum financial performance hurdles governing the operation of both the STI and LTI plans are ratified independently by the Remuneration Committee.

The Remuneration Committee considers that the above performance-linked remuneration structure is generating the desired outcome.

Other benefits – audited

Executive directors and senior executives can receive their base remuneration as a proportion of their total employment cost as non-cash benefits, under the terms and conditions of their appointment. Non-cash benefits may typically include the provision of items which may be taxed on a concessional basis for FBT purposes (e.g. the provision of motor vehicles) and the Group pays fringe benefits tax on these benefits. Directors and executives are also entitled to salary sacrifice base remuneration as additional superannuation contributions.

Service contracts

Contract details – audited

The Group has not entered into any formal service contracts with its non-executive directors. Executives have appropriate contractual arrangements. In the event of termination without cause, the Group is required to pay between three and twelve months of salary.

Equity based remuneration – audited

Shares are issued from time to time at the discretion of the Board of Directors under the Employee Share Plan, as approved by shareholders at the 1996 AGM. It provides for eligible employees, including executives and executive directors, to acquire ordinary shares in the Company. The price of shares issued under the Employee Share Plan is determined at the discretion of directors and may be less than the prevailing market price. Shares acquired by an executive under the Employee Share Plan are held by a trustee for at least three years, during which time they cannot be sold unless the executive ceases employment with the Group. Refer Note 27 to the financial statements.

Year ended 31 March	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000	2004 \$'000
Profit attributable to equity holders of the company	76,819	59,066	34,843	34,344	14,641
Profit (excluding unusual items and amortisation of goodwill) attributable to equity holders of the company	71,270	51,648	34,177	25,005	17,939
Dividends paid	(49,456)	(36,072)	(23,560)	(17,297)	(13,183)
Share Price (\$)	25.00	22.10	14.80	9.41	6.12
Change in share price (\$)	2.90	7.30	5.39	3.29	1.78

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DIRECTORS' REPORT

For the year ended 31 March 2008

7. Remuneration report *continued***Directors' and executive officers' remuneration (Consolidated)**

Details of the nature and amount of each major element of remuneration of each director of the Company and each of the named Company executives and relevant Group executives who receive the highest remuneration are:

	In AUD	Short-term			Long-term		Post-employment		Value of share based payments \$(d)	Total \$
		Salary & fees \$	STI cash bonus \$(a)	Non-monetary benefits \$(b)	LTI cash bonus \$(c)	Other long term	Super-annuation benefits \$	Termination benefits \$		
Directors										
Non-executive directors										
Mr GJ McGrath	2008	136,875	-	-	-	466	12,319	-	-	149,660
	2007	127,133	-	-	-	455	11,442	-	-	139,030
Mr A J Love	2008	62,500	-	-	-	466	5,625	-	-	68,591
	2007	58,567	-	-	-	455	5,271	-	-	64,293
Mrs N Withnall	2008	83,750	-	-	-	466	7,538	-	-	91,754
	2007	76,667	-	-	-	455	6,900	-	-	84,022
Mr M D Kriewaldt	2008	74,375	-	-	-	466	6,694	-	-	81,535
	2007	68,567	-	-	-	455	6,171	-	-	75,193
Mr R G Hill	2008	71,875	-	-	-	466	6,469	-	-	78,810
	2007	66,667	-	-	-	455	6,000	-	-	73,122
Mr B R Brown	2008	30,000	-	-	-	466	35,400	-	-	65,866
	2007	-	-	-	-	455	61,767	-	-	62,222
Executive directors										
Mr G F Kilmister	2008	606,174	217,500	40,940	130,000	466	102,090	-	-	1,097,170
	2007	500,937	195,000	63,488	-	455	99,059	-	378,000	1,236,939
Executives										
Mr H Blok	2008	398,055	145,500	5,405	85,667	243	78,195	-	-	713,065
	2007	415,436	135,000	6,226	-	237	9,564	-	-	566,463
Mr D Brown	2008	213,291	80,250	33,353	16,571	243	20,194	-	-	363,902
	2007	198,979	16,309	34,184	-	237	18,906	-	-	268,615
Ms C Clements (e)	2008	89,484	14,063	-	-	91	8,054	-	-	111,692
	2007	-	-	-	-	-	-	-	-	-
Mr N Thompson (retired 31 Mar 2008)	2008	207,274	-	25,048	-	70,141	137,687	-	-	440,150
	2007	133,407	-	26,026	-	237	102,219	-	-	261,889
Mr P Davis (ceased employment 5 Oct 2007)	2008	106,176	-	15,665	-	22,088	30,156	300,000	-	474,085
	2007	163,957	-	24,543	-	237	49,392	-	-	238,129
Mr A Austin (ceased employment 5 Apr 2007)	2008	15,347	-	1,695	-	68,289	325	276,666	-	362,322
	2007	171,875	82,500	24,254	-	237	77,927	-	-	356,793
Mr R Murphy (ceased employment 28 Feb 2007)	2008	-	-	-	-	-	-	-	-	-
	2007	222,667	-	-	-	217	-	-	-	222,884
Total Compensation: key management personnel (Group)	2008	2,095,176	457,313	122,106	232,238	164,357	450,746	576,666	-	4,098,602
	2007	2,204,859	428,809	178,721	-	4,587	454,618	-	378,000	3,649,594
Total Compensation: key management personnel (Company)	2008	2,095,176	457,313	122,106	232,238	164,357	450,746	576,666	-	4,098,602
	2007	1,566,756	293,809	172,495	-	4,133	445,054	-	378,000	2,860,247

(a) STI cash bonuses are paid annually following the end of the preceding financial year. The grant date is tied to the performance appraisal which for the current year was completed by 31 March. The specific service and performance criteria are set out earlier in this note.

(b) Non-monetary benefits include payment of allowances, provision of other benefits such as motor vehicles, fringe benefits tax thereon and an amount representing commercial interest that would have been charged during the period on the executive's outstanding employee loan balances owed to the Company had these loans not been interest free.

(c) LTI cash bonuses are paid over the three year period immediately following grant date which falls at the end of each three year performance appraisal period. The grant date for the most recent appraisal period was 31 March 2008. The specific service and performance criteria are set out earlier in this note.

(d) The fair value of remuneration element of shares issued on 25 July 2006 to Mr Kilmister pursuant to a resolution of shareholders at the 2006 AGM was calculated as being the difference between the issue price and market price at that date. The issue price was determined at the time of his appointment as Managing Director and CEO on 1 September 2005 by reference to the prevailing market price.

(e) Ms C Clements was appointed to the position of General Manager, Reward Distribution Group on 12 November 2007. Prior to that date she did not meet the definition of a key management person.

DIRECTORS' REPORT

For the year ended 31 March 2008

7. Remuneration report *continued*

Analysis of bonuses included in remuneration - unaudited

Details of the vesting profile of the short term and long term incentive cash bonuses awarded as remuneration to each of the named executives are detailed below:

		Short Term Incentive			Long Term Incentive		
		Included in remuneration \$(a)	% vested	% forfeited (b)	Included in remuneration \$(a)	% vested	% forfeited (b)
Executives							
Mr G F Kilmister	2008	217,500	100	-	130,000	100	-
	2007	195,000	100	-	-	-	-
Mr H Blok	2008	145,500	100	-	85,667	100	-
	2007	135,000	100	-	-	-	-
Mr D Brown	2008	80,250	100	-	16,571	33	67
	2007	16,309	21	79	-	-	-
Ms C Clements	2008	14,063	100	-	-	-	-
	2007	-	-	-	-	-	-
Mr N Thompson	2008	-	-	100	-	-	100
	2007	-	-	100	-	-	-
Mr P Davis	2008	-	-	-	-	-	-
	2007	-	-	100	-	-	-
Mr A Austin	2008	-	-	-	-	-	-
	2007	82,500	100	-	-	-	-

(a) Amounts included in remuneration for the financial year represents the amount that vested in the financial year based on the achievement of personal goals and satisfaction of specified performance criteria.

(b) The amounts forfeited are due to the performance or service criteria not being met in relation to the financial year.

Proportion of performance related and option based remuneration – unaudited

Details of each of the named executives performance related remuneration as a proportion of their total remuneration is detailed below. No option based remuneration was awarded in either of the years ended 31 March 2007 or 2008.

		Proportion of remuneration performance based %
Executives		
Mr G F Kilmister	2008	31.7
	2007	15.8
Mr H Blok	2008	32.4
	2007	23.8
Mr D Brown	2008	26.6
	2007	6.1
Ms C Clements	2008	12.6
	2007	-
Mr N Thompson	2008	-
	2007	-
Mr P Davis	2008	-
	2007	-
Mr A Austin	2008	-
	2007	23.1

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DIRECTORS' REPORT

For the year ended 31 March 2008

8. Environmental regulation

The Group is committed to complying with environmental legislation, standards, and codes of practice relevant to the particular business in the areas in which it operates. The main chemical manufacturing facilities, located in Brisbane, Sydney and Melbourne, are regulated under State and local government legislation. Each site holds a current licence and or consent from the relevant environment protection authority or local council.

Environmental management

As part of the Group's compliance program, environmental matters are reported on monthly by all divisional managers. In addition, internal sign-offs are completed by all managers on a six-monthly basis, reporting on performance against relevant environmental legislation and key environmental risks in their area of operations.

Apart from complying with local legal requirements each site location across the world operates under the corporate health safety and environment minimum standard which sets out 19 key standards including identification and management of key environmental risks, emergency planning, reporting environmental incidents, and conducting monthly audits.

The Group participates directly in national industry associations, namely ACCORD Australasia. ACCORD liaises with government authorities, reviews regulation and develops pro-active industry policies on relevant environmental issues.

Initiatives

There were a number of environmental initiatives implemented during the year including:

- A stormwater drainage isolation system was installed at the Campbell Chemical site in Girraween which improved the management and control of potential chemical spills on site,
- Capital expenditure was approved for a new trade waste treatment plant for Campbell Chemical at Girraween that will result in a reduced trade waste load being discharged to sewer,
- An upgrade was conducted on the main chemical storage bund for the acid production centre at Campbell Chemical in Laverton ensuring any potential spills are contained within the production area,
- An external environmental review was conducted at Campbell Chemical Girraween,
- External environmental reviews were conducted on recently acquired coal testing facilities throughout Queensland and New South Wales and
- An online environmental training program was rolled out to all divisions of the Group assessing the competence of site managers and business managers in relation to environmental compliance, risk management, site licenses, contaminated land and site planning approvals.

Performance against environmental compliance requirements

There were no material breaches of environmental statutory requirements and no fines, penalties or prosecutions during the year. Internal and external audits and internal reporting and monitoring have indicated a high level of compliance with site licence conditions, relevant legislation and corporate minimum standards.

9. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

10. Likely developments

During the next financial year, the Group will continue to pursue increases in profitability and market share of the business units in its diversified portfolio. Ongoing business strategies will focus on maintaining growth and ensuring the Group generates the best possible return on its investments.

11. Directors' interests

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001 as at the date of this report is:

	Ordinary shares
Mr G J McGrath	237,438
Mr G F Kilmister	141,338
Mr A J Love	47,000
Mrs N Withnall	1,921
Mr M D Kriewaldt	53,909
Mr R G Hill	12,000
Mr B R Brown	50,000

There are no unissued ordinary shares of the Company under option. Refer "Share options" below.

12. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings		Audit and Compliance Committee ⁽²⁾		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr G J McGrath ⁽¹⁾	9	9	4	3	3	3
Mr G F Kilmister	9	9	-	-	-	-
Mr A J Love ⁽¹⁾	9	9	1	1	3	3
Mrs N Withnall	9	9	4	4	-	-
Mr M D Kriewaldt ⁽¹⁾	9	9	4	3	3	3
Mr R G Hill	9	9	4	4	-	-
Mr B R Brown ⁽¹⁾	9	9	1	1	-	-

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

(1) Messrs Love and Brown were appointed members for one Audit and Compliance Committee meeting in place of Messrs McGrath and Kriewaldt, who were absent due to unforeseen commitments.

(2) Although not members of the Audit & Compliance Committee (except where otherwise appointed), Mr Love, Mr Brown and Mr Kilmister are eligible to attend all meetings of the Committee as permitted by the Committee's charter.

DIRECTORS' REPORT

For the year ended 31 March 2008

13. Share options

The Group's Executive Share Option Plan (ESOP) was terminated by the Board during the year to March 2006. All options previously held by executives were exercised during the year ended 31 March 2006.

14. Indemnification and insurance of directors and officers

Indemnification

Under its Constitution, and by resolution of the Board, the Company has agreed to indemnify to the extent permitted by law and the Corporations Act 2001:

- every person and employee who is or has been an officer of the Company or of a Group entity where requested to do so, including a director or secretary, against any liability (other than for legal costs) incurred by that person or employee as an officer of the Company or of a Group entity (including liabilities incurred by that person or employee as an officer of the Company or of a Group entity where the Company requested that person or employee to accept that appointment).
- every person and employee who is or has been an officer of the Company or of a Group entity where requested to do so, including a director or secretary, against reasonable legal costs incurred in defending an action for a liability incurred by that person or employee as an officer of the Company or of a Group entity (including such legal costs incurred by that person or employee as an officer of the Company or of a Group entity where the Company requested that person or employee to accept that appointment).

Insurance premiums

During the financial year the Company paid insurance premiums in respect of directors' and officers' liability and legal expense insurance contracts, for current and former directors and senior executives, including senior executives of its controlled entities. The current directors are listed elsewhere in this report. The insurance relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

It is a condition of the policies that premiums paid and terms and conditions of the policies are not to be disclosed.

15. Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit and compliance committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit and compliance committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

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DIRECTORS' REPORT

For the year ended 31 March 2008

15. Non-audit services *continued*

In AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Audit services				
Auditors of the Company				
<i>KPMG Australia:</i>				
Audit and review of financial reports	299,000	290,800	188,800	186,300
<i>Other KPMG member firms:</i>				
Audit and review of financial reports	279,462	332,578	-	-
	578,462	623,378	188,800	186,300
Other auditors				
Audit and review of financial reports	89,480	79,873	-	-
	667,942	703,251	188,800	186,300
Other services				
<i>KPMG Australia</i>				
Audit of share register, annual general meeting proxies and other assurance services	5,000	14,200	5,000	11,950
Other assurance and investigation services	1,000	21,496	1,000	21,496
<i>KPMG related practices</i>				
Due diligence services	-	5,000	-	5,000
<i>Other KPMG member firms:</i>				
Taxation Services	118,000	59,615	-	-
	124,000	100,311	6,000	38,446

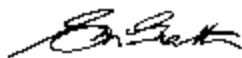
16. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 81 and forms part of the directors' report for the financial year ended 31 March 2008.

17. Rounding off

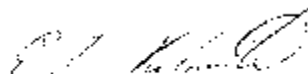
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



G J McGrath
Chairman

Brisbane
27 May 2008



G F Kilmister
Managing Director

Brisbane
27 May 2008

INCOME STATEMENTS

For the year ended 31 March 2008

In thousands of AUD

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Continuing operations					
Revenue from sale of goods		292,367	268,184	97,861	89,841
Revenue from rendering of services		468,663	343,011	608	688
		761,030	611,195	98,469	90,529
Other income	7	1,884	704	40,667	25,229
Changes in inventories of finished goods and work in progress		11,537	5,763	(739)	(1,113)
Raw materials and consumables purchased		(244,264)	(217,456)	(56,173)	(50,001)
Employee expenses		(226,577)	(175,337)	(22,495)	(21,189)
Warehousing and distribution costs		(27,954)	(21,693)	(5,347)	(5,146)
Amortisation and depreciation		(27,930)	(22,890)	(3,533)	(3,238)
Selling expenses		(8,225)	(6,862)	(832)	(769)
Administration and other expenses		(128,586)	(91,466)	(16,805)	(10,353)
Share of net profits of associates and joint venture accounted for using the equity method	18	1,652	1,001	-	-
Gain on sale of investment in CCI Holdings Ltd	9	6,214	-	-	-
Profit before financing costs		118,781	82,959	33,212	23,949
Financial income	11	860	744	717	1,033
Financial expenses	11	(10,635)	(7,593)	(5,140)	(1,817)
Net financing costs		(9,775)	(6,849)	(4,423)	(784)
Profit before income tax		109,006	76,110	28,789	23,165
Income tax expense	12	(32,172)	(25,259)	3,328	671
Profit from continuing operations		76,834	50,851	32,117	23,836
Discontinued operations					
Profit of discontinued operations (net of income tax)	37	370	8,167	370	2,097
Profit for the period		77,204	59,018	32,487	25,933
Attributable to:					
Equity holders of the company		76,819	59,066	32,487	25,933
Minority interest		385	(48)	-	-
Profit for the period		77,204	59,018	32,487	25,933
Basic earnings per share	13	147.81c	114.56c		
Diluted earnings per share	13	147.81c	114.56c		
Basic earnings per share from continuing operations		147.84c	99.03c		
Diluted earnings per share from continuing operations		147.84c	99.03c		
Dividends per share	27	95c	70c		

* See discontinued operations – Note 37

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 41 to 78.

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STATEMENTS OF RECOGNISED INCOME AND EXPENSE**For the year ended 31 March 2008***In thousands of AUD*

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Net change in fair value of available-for-sale financial assets	27	-	4,453	-	-
Net change in fair value transferred to profit	27	(4,453)	-	-	-
Foreign exchange translation differences	27	(5,880)	(3,463)	-	-
Gain / (loss) on hedge of net investments in foreign subsidiaries	27	(630)	1,749	-	-
Net gain / (loss) on cash flow hedges taken to equity	27	(841)	(345)	(841)	(345)
Net income / (loss) recognised directly in equity		(11,804)	2,394	(841)	(345)
Profit for the period		77,204	59,018	32,487	25,933
Total recognised income and expense for the period		65,400	61,412	31,646	25,588
Attributable to:					
Equity holders of the company	28	65,015	61,460	31,646	25,588
Minority interest		385	(48)	-	-
Total recognised income and expense for the period		65,400	61,412	31,646	25,588

All movements in recognised income and expense are disclosed net of applicable income tax.

Other movements in equity arising from transactions with owners as owners are set out in note 28.

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 41 to 78.

BALANCE SHEETS

As at 31 March 2008

In thousands of AUD

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Asset					
Cash and cash equivalents	14	46,552	43,210	7,632	12,930
Trade and other receivables	15	138,543	105,628	21,886	21,529
Inventories	16	66,454	60,075	17,819	21,828
Other	17	7,526	6,747	1,461	1,157
Total current assets		259,075	215,660	48,798	57,444
Receivables	15	7,146	5,481	295,565	180,723
Investments accounted for using the equity method	18	10,768	3,163	-	-
Investment property	25	11,378	-	11,378	-
Deferred tax assets	21	6,874	4,151	1,746	3,011
Property, plant and equipment	22	152,074	134,566	22,368	35,413
Intangible assets	23	230,193	136,533	6,819	6,757
Other investments	19	161	16,375	18,334	15,298
Total non-current assets		418,594	300,269	356,210	241,202
Total assets	6	677,669	515,929	405,008	298,646
Liabilities					
Bank overdraft	14	1,317	505	-	-
Trade and other payables	24	69,781	59,417	17,438	16,257
Loans and borrowings	26	2,803	2,925	400	-
Income tax payable	20	11,131	8,593	3,979	3,940
Employee benefits		14,949	11,905	852	1,699
Total current liabilities		99,981	83,345	22,669	21,896
Loans and borrowings	26	233,898	128,687	147,071	47,836
Deferred tax liabilities	21	1,974	1,228	-	-
Employee benefits		2,572	2,140	2,061	1,917
Other		1,039	982	-	-
Total non-current liabilities		239,483	133,037	149,132	49,753
Total liabilities	6	339,464	216,382	171,801	71,649
Net assets		338,205	299,547	233,207	226,997
Equity					
Share capital	27	223,111	208,692	223,111	208,692
Reserves	27	(6,012)	5,792	(681)	160
Retained earnings		120,502	83,538	10,777	18,145
Total equity attributable to equity holders of the company		337,601	298,022	233,207	226,997
Minority interest		604	1,525	-	-
Total equity	28	338,205	299,547	233,207	226,997

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 41 to 78.

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STATEMENTS OF CASH FLOWS

For the year ended 31 March 2008

In thousands of AUD

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Cash flows from operating activities					
Cash receipts from customers		823,139	697,866	120,204	125,633
Cash paid to suppliers and employees		(706,585)	(608,515)	(114,798)	(118,573)
Cash generated from operations		116,554	89,351	5,406	7,060
Dividends received		-	-	40,000	25,000
Interest paid		(10,635)	(7,593)	(5,140)	(1,655)
Interest received		860	744	717	432
Income taxes paid		(27,203)	(24,406)	(9,147)	(8,695)
Net cash from operating activities	35	79,576	58,096	31,836	22,142
Cash flows from investing activities					
Payments for property, plant and equipment		(50,081)	(39,094)	(3,836)	(2,873)
Loans to controlled entities to finance payment for acquisitions of non-current assets		-	-	(105,150)	(71,401)
Loans to joint venture entity		(1,979)	-	-	-
Repayment of loans by controlled entities from divestment		-	-	-	48,000
Payments for net assets on acquisition of businesses and controlled entities (net of cash acquired)		(101,892)	(41,778)	-	-
Additional payments in respect of prior year acquisitions of controlled entities		(1,551)	-	-	-
Payment for the acquisition of minority interests in controlled entities		(1,825)	-	-	-
Payment for investment in joint venture		(6,250)	-	-	-
Dividend from associate		297	197	-	-
Payments for other investments		-	(9,900)	-	-
Proceeds from sale of other non-current assets		1,514	885	76	180
Proceeds from divestment of interests in business segments		-	48,000	-	-
Proceeds from divestment of consumer products contract manufacturing business		3,708	-	3,708	-
Costs incurred in disposing of business segment		-	(663)	-	(267)
Proceeds from sale of investment in CCI Holdings Ltd		16,060	-	-	-
Dividend received from CCI Holdings Ltd		876	-	-	-
Net cash from investing activities		(141,123)	(42,353)	(105,202)	(26,361)
Cash flows from financing activities					
Proceeds from borrowings		133,500	59,025	115,000	57,900
Repayment of borrowings		(39,228)	(40,178)	(22,085)	(36,063)
Lease payments		(5,802)	(5,040)	(712)	(122)
Lease receipts		816	127	816	127
Dividends paid		(24,951)	(18,837)	(24,951)	(18,837)
Net cash from financing activities		64,335	(4,903)	68,068	3,005
Net increase/(decrease) in cash and cash equivalents		2,788	10,840	(5,298)	(1,214)
Cash and cash equivalents at 1 April		42,705	33,594	12,930	14,144
Effect of exchange rate fluctuations on cash held		(258)	(1,729)	-	-
Cash and cash equivalents at 31 March	14	45,235	42,705	7,632	12,930

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 41 to 78.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. Reporting entity

Campbell Brothers Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 31 March 2008 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company also comply with the IFRSs and Interpretations adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the directors on 27 May 2008.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except that derivative financial instruments and available-for-sale financial assets are measured at fair value.

(c) Functional and presentation currency

The financial report is presented in Australian dollars. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report. The comparative income statement has been represented as if an operation discontinued during the current period had been discontinued from the start of the comparative period – refer note 37.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or joint venture.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity with adjustments made to the "Investment in associates" and "Share of associates net profit" accounts.

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NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2008****3. Significant accounting policies** *continued***(b) Foreign currency****Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Hedge of net investment in foreign operations

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to the income statement as an adjustment to the gain or loss on disposal.

(c) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 3(d)).

The fair value of interest rate contracts is the estimated amount that the Group would receive or pay to terminate the contract at the balance sheet date, taking into account current interest rates and the current creditworthiness of counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

(d) Hedging**Cash flow hedges**

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. In other cases the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects profit or loss.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Economic hedges

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

(e) Property, plant and equipment**Owned assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation (see p43) and impairment losses (see note 3(j)). The cost of certain items of property, plant and equipment at 1 April 2004, the date of transition to AASBs, was determined by reference to its fair value at that date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

3. Significant accounting policies *continued*

(e) Property, plant and equipment

Owned assets *continued*

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised in the income statement as incurred.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property held at cost and reclassified as investment property.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost and is depreciated on a straight line basis over the estimated useful life of 80 years.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in note 3(q).

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line and diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Buildings	20-80 years
Plant and equipment	3-10 years
Lease hold improvements	5-20 years
Leased plant and equipment	4-5 years
Product dispensers	5-8 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see note 3(j)).

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(i) Intangible assets

Goodwill

Business combinations

Business combinations prior to 1 April 2004

Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 April 2004 has not been reconsidered in preparing the Group's opening AIFRS balance sheet at 1 April 2004.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

3. Significant accounting policies *continued***(i) Intangible assets** *continued***Business combinations since 1 April 2004**

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 3(j)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

Acquisitions of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see note 3(j)).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

Capitalised computer software	3 - 10 years
-------------------------------	--------------

(j) Impairment**Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amounts of the Group's assets, other than inventories (see accounting policy g) and deferred tax assets (see accounting policy r), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see "Calculation of recoverable amount" p45). For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

3. Significant accounting policies *continued*

(j) Impairment *continued*

Calculation of recoverable amount

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Reversals of impairment

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss shall be reversed, with the amount of the reversal recognised in the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

(k) Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(l) Loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(m) Employee benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Share-based payment transactions

The employee share plan allows Group employees to acquire shares of the Company. The fair value of the remuneration element of shares issued is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at issue date and spread over the period during which the employees become unconditionally entitled to the shares. The fair value of shares issued is measured by reference to the issue price and market price on the date of issue taking into account the terms and conditions upon which the shares are issued.

(n) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits that can be estimated reliably will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

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NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2008****3. Significant accounting policies** *continued***(p) Revenue****Goods sold and services rendered**

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

(q) Expenses**Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and gains and losses on hedging instruments that are recognised in the income statement (see note 3(d)).

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

Foreign currency costs

Foreign currency gains and losses are reported on a net basis.

(r) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 April 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Campbell Brothers Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer p45). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

3. Significant accounting policies *continued*

(r) Income tax *continued*

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payables (receivables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(t) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(u) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate area of operations that has ceased or been disposed of. Classification as a discontinued operation occurs upon cessation or disposal. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

(v) Available-for-sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets. Available for sale financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein other than impairment losses are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

(w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(x) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 March 2008, but have not been applied in preparing this financial report:

- AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.
- Revised AASB 101 Presentation of Financial Statements introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 31 March 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.
- Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 31 March 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

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NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2008****3. Significant accounting policies** *continued***(x) New standards and interpretations not yet adopted** *continued*

- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED151 and other Amendments. This amendment will become mandatory for the Group's 31 March 2009 financial statements. The impact has not yet been assessed.
- AASB 2007-7 Amendments to Australian Accounting Standards. This amendment will become mandatory for the Group's 31 March 2009 financial statements. The impact has not yet been assessed.
- AASB 2008-1 Amendments to Australian accounting standards – Share based payments: Vesting Conditions and Cancellations. This amendment will become mandatory for the Group's 31 March 2010 financial statements. The impact has not yet been assessed.
- Revised AASB 3 Business Combinations and revised AASB 127 Consolidated and Separate Financial Statements. These will become mandatory for the Group's 31 March 2010 financial statements. The impact has not yet been assessed.

4. Financial and capital risk management**Risk management framework**

Identification, measurement and management of risk is a strategic priority for the Group. The provision of goods and services carries a number of diverse risks which may have a material impact on the Company's and Group's financial position and performance. Consequently, the Board has established a comprehensive framework covering accountability, oversight, measurement and reporting to maintain high standards of risk management throughout the Company and Group.

The Company and Group allocate specific roles in the management of risk to executives and senior managers and to the Board. This is undertaken within an overall framework and strategy established by the Board.

The Audit and Compliance Committee obtains assurance about the internal control and risk management environment through regular reports from the Risk and Compliance team which includes Internal Audit.

The Company and Group have exposure to the following risks from their use of financial instruments:

- Credit Risk
- Liquidity risk
- Market risk

This note presents information about the Company's and Group's exposure to each of the above risks, the Company's and Group's objectives, policies and processes for measuring and managing risk, and the Company's and Group's management of capital.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company and Group do not require collateral in respect of financial assets. There is no single customer making up a material percentage of the Company's and Group's revenue. Geographic concentrations of trade receivables are - Australasia 50%, Americas 31% and other regions 19%. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company and Group may have a secured claim. The Company and Group do not require collateral in respect of trade and other receivables.

Counterparties to transactions involving derivative financial instruments are large Australian and international banks which have excellent credit ratings and with whom the Company and Group have a signed netting agreement. Management does not expect any counterparty to fail to meet its obligations.

Group policy is to provide financial guarantees only to wholly-owned subsidiaries. Details of the Deed of Cross Guarantee are provided in note 33.

Liquidity risk

The liquidity position of the Company and Group is continuously managed using cash flow forecasts to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner. The Company and Group are party to a number of bilateral debt facility agreements which provide funding for acquisitions and working capital (refer Note 26).

Note 29 details the repayment obligations in respect of the amount of the facilities and derivatives utilised.

Market risk**Interest rate risk**

Interest rate risk is the risk that the Company's and Group's financial position and performance will be adversely affected by movements in interest rates. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The Company's and Group's interest rate risk arises from long-term debt. Floating rate debt exposes the Company and Group to cash flow interest rate risk and fixed rate debt exposes the Company and Group to fair value interest rate risk. Interest rate risk is managed by maintaining an appropriate mix of fixed and floating rate debt. The Company and Group may enter into interest rate swaps and options to manage the ratio of fixed rate debt to floating rate debt. Hedging is undertaken against specific rate exposures only, as disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. Financial and capital risk management

continued

Foreign exchange risk

The Company and Group operate internationally and are exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future purchase and sales commitments and assets and liabilities that are denominated in a currency that is not the functional currency of the respective Group entities. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Company's and Group's financial position.

The Company and Group enter into forward foreign exchange contracts (FECs) in line with its policy to hedge a proportion of certain forecast purchase commitments denominated in foreign currencies (principally US dollars). The terms of these commitments are generally less than three months. The amount of forecast purchases is estimated based on current conditions in foreign markets, customer orders, commitments to suppliers and experience.

The Company and Group borrow funds in foreign currencies to hedge its net investments in foreign operations. The Company's Canadian dollar and Swedish kronor denominated bank loans are designated as hedges of the Group's net investment in subsidiaries in those currencies.

Capital management

Capital comprises equity attributable to equity holders, loans and borrowings and cash and cash equivalents.

Capital management involves the use of corporate forecasting models which facilitates analysis of the Company's and Group's financial position including cash flow forecasts to determine the future capital management requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Company's and Group's operating and capital expenditure requirements. The Company and Group monitor gearing and treasury policy breaches and exceptions. The gearing ratio as at balance date is 36% (2007: 23%).

The Company and Group maintain a stable capital base from which the Company and Group can pursue their growth aspirations, whilst maintaining a flexible capital structure that allows access to a range of debt and equity markets to both draw upon and repay capital.

5. Determination of fair value

Net fair values of financial assets and liabilities

The Company's and Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Derivatives

Forward exchange contracts are marked to market using publicly available forward rates. Interest rate contracts are marked to market using listed market prices.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

Loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Finance leases

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogenous lease agreements. The estimated fair value reflects changes in interest rates.

6. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arms length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

ALS Laboratory Group - Provision of consulting and analytical laboratory services.

Campbell Chemicals - Manufacture and distribution of cleaning agents and chemicals for both domestic and industrial customers.

Reward Distribution - Distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.

Campbell Brothers Services (segment sold during the previous year) - Provision of pest control, hygiene and cleaning services to domestic, commercial and industrial customers.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

6. Segment reporting *continued*

Geographical segments

The ALS Laboratory Group, Campbell Chemicals and Reward Distribution segments are managed on a regional basis which has been classified into three geographical areas: Australasia, Americas and other regions.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

In thousands of AUD	ALS Laboratory Group		Campbell Chemicals Restated*		Reward Distribution		Continuing Operations		Discounted Operations Restated*		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customers:														
Revenue	468,043	342,150	147,244	134,047	145,743	134,998	761,030	611,195	11,256	51,459	-	-	772,286	662,654
Inter-segment revenue	-	-	5,575	5,188	-	-	5,575	5,188	-	-	(5,575)	(5,188)	-	-
Total revenue	468,043	342,150	152,819	139,235	145,743	134,998	766,605	616,383	11,256	51,459	(5,575)	(5,188)	772,286	662,654
Segment result	110,836	78,485	9,680	7,765	4,595	5,506	125,111	91,756	68	1,186	-	-	125,179	92,942
Share of net profit of equity accounted investments	1,652	1,001	-	-	-	-	1,652	1,001	-	-	-	-	1,652	1,001
Segment contribution	112,488	79,486	9,680	7,765	4,595	5,506	126,763	92,757	68	1,186	-	-	126,831	93,943
Unallocated income and expenses including unusual items (Note 9)													(8,048)	(557)
Profit before financing costs													118,783	93,386
Net financing costs													(9,775)	(6,849)
Income tax expense													(31,804)	(27,519)
Profit for the period													77,204	59,018
Segment assets	438,714	290,455	88,376	79,290	64,439	66,320	591,529	436,065	-	19,322	-	-	591,529	455,387
Investment in associates and joint venture	10,768	3,163	-	-	-	-	10,768	3,163	-	-	-	-	10,768	3,163
Unallocated assets													75,372	57,379
Total assets													677,669	515,929
Segment liabilities	53,727	35,242	12,724	12,605	11,365	17,000	77,816	64,847	-	4,512	-	-	77,816	69,359
Unallocated liabilities													261,648	147,023
Total liabilities													339,464	216,382
Capital expenditure	45,123	32,045	3,297	2,561	1,642	2,006	50,062	36,612	24	2,291	-	-	50,086	38,903
Unallocated corporate capital expenditure													837	191
Total capital expenditure													50,923	39,094
Amortisation and depreciation	22,254	17,718	3,525	3,331	1,841	1,640	27,620	22,689	242	1,420	-	-	27,862	24,109
Unallocated amortisation and depreciation													310	201
Total amortisation and depreciation													28,172	24,310
Non-cash expenses	4,279	969	412	(57)	2,690	822	7,381	1,734	(405)	95	-	-	6,976	1,829
Unallocated Corporate non-cash expenses													2,623	274
Total non-cash expenses													9,599	2,103

* See discontinued operations – Note 37

In thousands of AUD	Australasia		Americas		Other regions		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customers	413,663	384,759	250,325	206,786	108,298	71,109	-	-	772,286	662,654
Segment assets	380,625	280,719	176,709	144,736	120,335	90,474	-	-	677,669	515,929
Capital expenditure	20,361	15,734	18,717	13,169	11,845	10,191	-	-	50,923	39,094

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

7. Other income

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Net gain on disposal of property, plant and equipment	215	-	60	46
Dividend income	876	-	40,000	25,000
Other income	793	704	607	183
	1,884	704	40,667	25,229

8. Significant expenses

Cost of goods sold	216,141	210,696	73,278	76,776
Net loss on disposal of property, plant and equipment	-	36	-	-
Operating lease rentals	3,683	4,816	2,271	2,381
Contributions to defined contribution post-employment plans	15,336	12,300	1,842	1,991

9. Unusual items

Profit for the period attributable to equity holders of the Company includes the following unusual items:

Gain on sale of investment in CCI Holdings Ltd	6,214	-	-	-
Dividend received from CCI Holdings Ltd	876	-	-	-
Net loss from disposal of the consumer products contract manufacturing business	(66)	-	(66)	-
Gain on sale of pest control and cleaning services business segment	-	10,060	-	4,181
Costs incurred in sale of pest control and cleaning services business segment	-	(663)	-	(267)
	7,024	9,397	(66)	3,914
Income tax effect	(1,475)	(1,979)	388	(1,979)
	5,549	7,418	322	1,935

10. Auditors' remuneration

In AUD

Audit services

Auditors of the Company

KPMG Australia:

Audit and review of financial reports **299,000** 290,800 **188,800** 186,300

Other KPMG member firms:

Audit and review of financial reports **279,462** 332,578 - -

578,462 623,378 **188,800** 186,300

Other auditors

Audit and review of financial reports **89,480** 79,873 - -

667,942 703,251 **188,800** 186,300

Other services

Auditors of the Company

KPMG Australia

Audit of share register, annual general meeting proxies and other assurance services **5,000** 14,200 **5,000** 11,950

Other assurance and investigation services **1,000** 21,496 **1,000** 21,496

KPMG related practices

Due diligence services - 5,000 - 5,000

Other KPMG member firms:

Taxation Services **118,000** 59,615 - -

124,000 100,311 **6,000** 38,446

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

11. Net financing costs*In thousands of AUD*

	Consolidated		The Company	
	2008	2007	2008	2007
Interest income from :				
Related parties	-	-	330	601
Other parties	860	744	387	432
Financial income	860	744	717	1,033
Interest expense to:				
Related parties	-	-	285	161
Other parties	9,933	6,926	4,567	1,499
Finance charges on capitalised leases	702	667	288	157
Financial expenses	10,635	7,593	5,140	1,817
Net financing costs	9,775	6,849	4,423	784

12. Income tax expense**Recognised in the income statement**

	Note	Consolidated		The Company	
		2008	2007 Restated*	2008	2007 Restated*
Current tax expense					
Current year		33,150	25,767	(4,560)	487
Adjustments for prior years		(909)	598	(2)	(179)
		32,241	26,365	(4,562)	308
Deferred tax expense					
Origination and reversal of temporary differences		(437)	1,154	866	1,070
		(437)	1,154	866	1,070
Total income tax expense in income statement		31,804	27,519	(3,696)	1,378
Attributable to:					
Continuing operations		32,172	25,259	(3,328)	(671)
Discontinued operations	37	(368)	2,260	(368)	2,049
		31,804	27,519	(3,696)	1,378

* See discontinued operations – note 37

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

12. Income tax expense *continued*

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Profit before tax	109,008	86,537	28,791	27,310
Income tax using the domestic corporation tax rate of 30% (2007: 30%)	32,703	25,961	8,638	8,193
Difference resulting from different tax rates in overseas countries	(986)	(154)	-	-
Increase in income tax expense due to:				
Non-deductible expenses	500	970	36	58
Taxable profit on sale of pest control and cleaning services business segment	-	1,979	-	1,979
Accounting loss on sale of remaining consumer products business assets	20	-	20	-
Non-deductible new market expansion and acquisition related costs	158	-	-	-
Tax losses of controlled entities not recognised	665	430	-	-
Non resident withholding tax paid upon receipt of distributions from foreign related parties	899	1,235	-	-
Decrease in income tax expense due to:				
Previously unrecognised tax losses utilised during the year	(208)	(296)	-	-
Deductible loss on sale of remaining consumer products business assets	(388)	-	(388)	-
Accounting profit on sale of pest control and cleaning services business segment	-	(2,819)	-	(1,174)
Share of associate entities net profit	(496)	(300)	-	-
Tax exempt revenues	-	(85)	(12,000)	(7,500)
Other items	(154)	-	-	-
Under / (over) provided in prior years	(909)	598	(2)	(179)
Income tax expense on pre-tax net profit	31,804	27,519	(3,696)	1,377
Deferred tax recognised directly in equity				
Relating to hedging reserve	292	-	292	-
Relating to the fair value reserve	-	1,908	-	-
	292	1,908	292	-

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

13. Earnings per share*Cents per share*

	Consolidated	
	2008	2007
Basic earnings per share	147.81	114.56
Basic underlying earnings per share	137.13	100.17
Diluted earnings per share	147.81	114.56
Diluted underlying earnings per share	137.13	100.17

Basic and diluted earnings per share ⁽¹⁾

The calculations of both basic and diluted earnings per share were based on the profit attributable to equity holders of the company of \$76,819,000 (2007: \$59,066,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2008 of 51,972,000 (2007: 51,560,000).

Basic and diluted underlying earnings per share ⁽¹⁾

The calculations of both basic and diluted underlying earnings per share were based on underlying net profit after tax before unusual items of \$71,270,000 (2007: \$51,648,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2008 of 51,972,000 (2007: 51,560,000).

Weighted average number of ordinary shares ⁽¹⁾*In thousands of shares*

	Note	Consolidated	
		2008	2007
Issued ordinary shares at 1 April	27	51,623	50,988
Effect of shares issued in July 2007		309	436
Effect of shares issued in December 2007		40	136
Weighted average number of ordinary shares at 31 March		51,972	51,560

Reconciliation of profit to underlying net profit*In thousands of AUD*

	Note	Consolidated	
		2008	2007
Profit attributable to equity holders of the company		76,819	59,066
Less unusual items net of income tax	9	(5,549)	(7,418)
Underlying net profit after tax before unusual items		71,270	51,648

(1) No dilutive potential ordinary shares were outstanding at any time during the financial year.

14. Cash and cash equivalents*In thousands of AUD*

	Consolidated		The Company	
	2008	2007	2008	2007
Bank balances	45,452	37,210	6,532	6,930
Call deposits	1,100	6,000	1,100	6,000
Cash and cash equivalents in the balance sheet	46,552	43,210	7,632	12,930
Bank overdrafts repayable on demand	(1,317)	(505)	-	-
Cash and cash equivalents in the statement of cash flows	45,235	42,705	7,632	12,930

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 29.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

15. Trade and other receivables

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Current				
Trade receivables	125,190	96,910	18,418	16,671
Fair value derivatives	-	343	-	343
Other receivables	13,353	8,375	2,772	3,678
Receivables due from controlled entities	-	-	696	837
	138,543	105,628	21,886	21,529
Non-current				
Finance lease receivable	4,181	4,370	4,181	4,370
Security deposits	921	1,111	-	-
Loans to controlled entities	-	-	291,384	176,353
Loans owing by associates and joint venture	2,044	-	-	-
	7,146	5,481	295,565	180,723
Aging of trade receivables				
Not overdue	99,782	77,773	13,461	15,067
Past due not more than two months	21,450	15,268	2,895	1,125
Past due more than two months	7,801	6,080	2,657	523
Total	129,033	99,121	19,013	16,715
Allowance for impairment of trade receivables				
Opening balance	2,221	2,286	45	130
Impairment loss recognised	1,622	(75)	550	(85)
Closing balance	3,843	2,211	595	45

Based on historical rates of default, the Company and the Group believe that no impairment allowance is necessary in respect of trade receivables not overdue or past due not more than two months. The allowance for impairment of trade receivables is in respect of trade receivables past due for more than two months.

Exposures to currency risks related to trade and other receivables are disclosed in Note 29.

16. Inventories

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Current				
Raw materials and consumables	16,706	12,078	3,692	4,437
Work in progress	13,401	8,329	1,433	1,783
Finished goods	36,347	39,668	12,694	15,608
	66,454	60,075	17,819	21,828
17. Other current assets				
Prepayments	4,923	4,628	1,456	1,072
Other	2,603	2,119	5	85
	7,526	6,747	1,461	1,157

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

18. Investments accounted for using the equity method**Investments in associates and joint venture**

Investments in associates and a joint venture are accounted for using the equity method. The Group has investments in the following equity-accounted entities:

Name	Principal activities	Reporting date	Ownership interest	
			Consolidated	
			2008	2007
Associates:				
ALSTechnichem (Malaysia) Snd Bhd	Laboratory services	31 December	40%	40%
Australian Hospitality Imports Pty Ltd	Glassware importer / distributor	30 June	50%	50%
Joint venture:				
ALS Mineralogy Pty Ltd (1)	Laboratory services	31 March	51%	-

(1) Whilst the Group has an ownership interest of 51% in this entity, the shareholders' agreement between the Group and the other shareholder operates such that key strategic decisions are made jointly.

In thousands of AUD

	Consolidated	
	2008	2007
Movements in carrying amount of investments in associates and joint venture		
Carrying amount at the beginning of the financial year	3,163	2,359
Investment in joint venture	6,250	-
Share of associates' and joint venture's net profit	1,652	1,001
Dividends received	(297)	(197)
	10,768	3,163

19. Other investments

In thousands of AUD

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Non-current investments					
Investments in controlled entities	34	-	-	18,334	15,298
Available-for-sale investment in listed entity *		-	16,206	-	-
Investments in other entities		161	169	-	-
		161	16,375	18,334	15,298

* 21.5% holding in CCI Holdings Limited

20. Current tax assets and liabilities

The current tax liability for the Group of \$11,131,000 (2007: \$8,593,000) and for the Company of \$3,979,000 (2007: \$3,940,000) represent the amount of income taxes payable in respect of current and prior periods.

In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax liability initially recognised by the members in the tax-consolidated group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

21. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of AUD

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Consolidated						
Property, plant and equipment	1,526	2,189	1,816	1,476	(290)	713
Land and buildings	-	-	1,090	1,031	(1,090)	(1,031)
Intangible assets	-	-	1,061	843	(1,061)	(843)
Unrealised FX losses/(gains)	7	375	151	-	(144)	375
Provisions and other payables	9,314	5,887	-	-	9,314	5,887
Undeducted equity raising costs	158	237	-	-	158	237
Fair value derivatives	312	-	-	-	312	-
Fair value reserve	-	-	-	1,908	-	(1,908)
Untaxed reserves - Sweden	-	-	709	-	(709)	-
Inventories	349	-	1,905	605	(1,556)	(605)
Other items	192	110	236	87	(44)	23
Tax value of loss carry-forwards recognised	10	74	-	-	10	74
Tax assets / liabilities	11,868	8,872	6,968	5,950	4,900	2,922
Set off of tax	(4,994)	(4,721)	(4,994)	(4,722)	-	-
Net tax assets / liabilities	6,874	4,151	1,974	1,228	4,900	2,922
The Company						
Property, plant and equipment	-	1,241	310	180	(310)	1,061
Land and buildings	-	-	615	570	(615)	(570)
Intangible assets	-	-	804	580	(804)	(580)
Unrealised FX losses/(gains)	-	324	67	-	(67)	324
Provisions and other payables	3,168	2,580	-	-	3,168	2,580
Undeducted equity raising costs	158	237	-	-	158	237
Fair value derivatives	312	-	-	-	312	-
Other items	64	42	160	83	(96)	(41)
Tax assets / liabilities	3,702	4,424	1,956	1,413	1,746	3,011
Set off of tax	(1,956)	(1,413)	(1,956)	(1,413)	-	-
Net tax assets / liabilities	1,746	3,011	-	-	1,746	3,011

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Tax losses	824	609	-	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

22. Property, plant and equipment

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Freehold land and buildings:				
At cost	43,983	46,824	13,770	25,125
Accumulated depreciation	(8,557)	(6,148)	(3,315)	(2,851)
	35,426	40,676	10,455	22,274
Plant and equipment:				
At cost	220,230	162,977	18,801	19,942
Accumulated depreciation	(138,244)	(100,845)	(11,095)	(10,319)
	81,986	62,132	7,706	9,623
Leasehold improvements:				
At cost	35,275	28,096	294	294
Accumulated depreciation	(15,061)	(10,924)	(74)	(43)
	20,214	17,172	220	251
Leased plant and equipment:				
At capitalised cost	9,065	19,482	142	129
Accumulated depreciation	(4,484)	(12,611)	(112)	(85)
	4,581	6,871	30	44
Product dispensers				
At capitalised cost	9,844	8,214	9,627	7,920
Accumulated depreciation	(6,388)	(5,087)	(6,238)	(4,899)
	3,456	3,127	3,389	3,021
Capital works in progress:	6,411	4,588	568	200
	152,074	134,566	22,368	35,413
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
Freehold land and buildings:				
Carrying amount at the beginning of the year	40,676	35,893	22,274	22,694
Additions	2,966	1,915	23	15
Additions through entities acquired	2,683	1,420	-	-
Transfer from capital works in progress	564	2,855	-	25
Transfer to investment property	(11,453)	-	(11,453)	-
Depreciation	(997)	(1,074)	(389)	(460)
Effect of movement in foreign exchange	987	(333)	-	-
Carrying amount at end of year	35,426	40,676	10,455	22,274

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

22. Property, plant and equipment *continued*

Reconciliations *continued*

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Plant and equipment:				
Carrying amount at the beginning of the year	62,132	58,168	9,623	10,200
Additions	34,373	22,767	1,282	772
Additions through entities acquired	3,207	3,295	-	-
Transfers	1,099	269	70	677
Transfer from leased plant and equipment	3,241	686	-	-
Disposal	(2,840)	(4,788)	(1,653)	(175)
Depreciation	(18,861)	(15,304)	(1,616)	(1,851)
Effect of movement in foreign exchange	(365)	(2,961)	-	-
Carrying amount at end of year	81,986	62,132	7,706	9,623
Leasehold improvements:				
Carrying amount at the beginning of the year	17,172	12,682	251	281
Additions	6,117	7,176	-	-
Additions through entities acquired	299	175	-	-
Transfer from capital works in progress	452	962	-	-
Disposal	(11)	(189)	-	-
Depreciation	(3,764)	(2,566)	(31)	(30)
Effect of movement in foreign exchange	(51)	(1,068)	-	-
Carrying amount at end of year	20,214	17,172	220	251
Leased plant and equipment:				
Carrying amount at the beginning of the year	6,871	9,967	44	71
Additions	853	1,540	8	-
Additions through entities acquired	2,071	-	-	-
Transfer to plant and equipment	(3,241)	(686)	-	-
Disposal	(40)	(47)	-	-
Depreciation	(1,988)	(3,190)	(22)	(27)
Effect of movement in foreign exchange	55	(713)	-	-
Carrying amount at end of year	4,581	6,871	30	44
Product dispensers:				
Carrying amount at the beginning of the year	3,127	2,662	3,021	2,496
Additions	1,905	1,966	1,858	1,832
Disposal	(11)	-	(11)	-
Depreciation	(1,565)	(1,501)	(1,479)	(1,307)
Carrying amount at end of year	3,456	3,127	3,389	3,021
Capital works in progress:				
Carrying amount at the beginning of the year	4,588	5,989	200	634
Additions	3,678	3,089	438	243
Additions through entities acquired	273	-	-	-
Transfers	(2,006)	(4,366)	(70)	(677)
Effect of movement in foreign exchange	(122)	(124)	-	-
Carrying amount at end of year	6,411	4,588	568	200

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

23. Intangible assets*In thousands of AUD*

	Consolidated				The Company			
	Goodwill	Purchased trademarks and brandmarks	Software	Total	Goodwill	Purchased trademarks and brandmarks	Software	Total
Cost								
Balance at 1 April 2006	130,360	3,755	1,864	135,979	3,823	2,904	17	6,744
Additions through business combinations	33,343	-	7	33,350	-	-	-	-
Additions	-	-	920	920	-	-	20	20
Write down to recoverable amount	(31,604)	-	(234)	(31,838)	-	-	-	-
Amortisation	-	-	(673)	(673)	-	-	(7)	(7)
Effect of movements in foreign exchange	(1,269)	26	38	(1,205)	-	-	-	-
Balance at 31 March 2007	130,830	3,781	1,922	136,533	3,823	2,904	30	6,757
Balance at 1 April 2007	130,830	3,781	1,922	136,533	3,823	2,904	30	6,757
Additions through business combinations	95,435	-	27	95,462	-	-	-	-
Additions	-	-	1,031	1,031	-	-	235	235
Transfers	-	-	(109)	(109)	-	-	-	-
Disposal	-	-	(11)	(11)	-	-	(11)	(11)
Amortisation	-	-	(922)	(922)	-	-	(162)	(162)
Effect of movements in foreign exchange	(1,802)	(2)	13	(1,791)	-	-	-	-
Balance at 31 March 2008	224,463	3,779	1,951	230,193	3,823	2,904	92	6,819

Impairment tests for cash generating units containing goodwill

The following units have significant carrying amounts of goodwill:

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
ALS Minerals	6,225	4,674	-	-
ALS Environmental – North America	66,382	51,545	-	-
ALS Environmental – Europe	43,532	43,610	-	-
ALS Coal	77,059	-	-	-
Campbell Chemicals	5,090	5,097	3,823	3,823
Reward Distribution	23,204	22,977	-	-
Multiple units without significant goodwill	2,971	2,927	-	-
	224,463	130,830	3,823	3,823

The recoverable amounts of goodwill in all cash-generating units exceed carrying amounts and are based on value in use calculations. Those calculations use cash flow projections based on actual operating results, the budget for FY2009 and forecasts drawn from years two and three of the Group's three-year forecast for FY2010 and FY2011. Cash flows for a further 17 year period are extrapolated using a growth rate of 5.0 per cent per annum. This growth rate is a conservative estimate of the long-term average growth rates achievable in the industries in which the Group participates. A pre-tax discount rate of 9.4 per cent has been used in discounting the projected cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

23. Intangible assets *continued*

Impairment tests for purchased trademarks and brandnames

The recoverable amounts of purchased trademarks and brandnames exceed their carrying amounts and are based on "relief from royalty" methodology, representing value in use calculations. "Relief from royalty" cash flows are extrapolated for a 20 year period using a nil growth rate. A pre-tax discount rate of 9.4 per cent has been used in discounting the projected cash flows. No amortisation is provided against the carrying amounts of purchased trademarks and brandnames on the basis that these assets are considered to have indefinite useful lives.

Software

Software assets are considered to have finite useful lives and are amortised in line with their assessed useful lives.

24. Trade and other payables

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Trade payables	29,206	31,354	6,858	8,334
Other trade payables and accrued expenses	39,535	28,063	9,415	7,798
Trade payables due to controlled entities	-	-	125	125
Fair value derivatives	1,040	-	1,040	-
	69,781	59,417	17,438	16,257

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.

The Company and some of its wholly-owned subsidiaries have entered into a deed of cross guarantee as described in note 33.

25. Investment property

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Carrying amount at the beginning of the year	-	-	-	-
Transfer from property, plant and equipment	11,453	-	11,453	-
Depreciation	(75)	-	(75)	-
Carrying amount at end of year	11,378	-	11,378	-

Investment property comprises a commercial property leased to a third party. The lease contains a non-cancellation period of 4 years 6 months. Subsequent renewals are negotiated with the lessee. See note 30 for further information.

Fair value of the property is estimated to be \$22,600,000 based on a capitalisation rate of 7.1%.

26. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 29.

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Current liabilities				
Unsecured bank loans	779	1,171	-	-
Finance lease liabilities	2,024	1,754	400	-
	2,803	2,925	400	-
Non-current liabilities				
Unsecured bank loans	228,476	121,291	122,262	28,446
Finance lease liabilities	5,422	7,396	2,999	3,816
Due to controlled entities	-	-	21,810	15,574
	233,898	128,687	147,071	47,836

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NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2008****26. Loans and borrowings** *continued***Bank loans**

Bank loans are denominated in Australian dollars, Canadian dollars, Czech koruna, Swedish kronor and US dollars. Current bank loans comprise the portion of the Group's bank loans payable within one year. The non-current bank loans are payable on or before November 2011. The weighted average interest rate for all bank loans at balance date is 5.8% (2007: 4.3%).

Finance lease liabilities*In thousands of AUD*

	Consolidated		The Company	
	2008	2007	2008	2007
Included as lease liabilities are the present values of future rentals for leased assets capitalised:				
Current	2,024	1,754	400	-
Non-current	5,422	7,396	2,999	3,816
	7,446	9,150	3,399	3,816
Lease commitments in respect of capitalised finance leases are payable:				
Within one year	2,402	2,476	655	704
Later than one year but not later than five years	5,148	6,285	2,621	2,621
Later than five years	1,073	1,728	1,072	1,728
	8,623	10,489	4,348	5,053
Future finance charges	(1,177)	(1,339)	(949)	(1,237)
Total lease liability	7,446	9,150	3,399	3,816

The Group leases plant and equipment under finance leases expiring over terms of up to seven years. At the end of the lease terms the Group generally has the option to purchase the equipment at a percentage of market value - a price deemed to be a bargain purchase option. Lease liabilities are secured by the leased assets as in the event of default the assets revert to the lessor.

Financing facilities

The Company and five of its controlled entities, namely Australian Laboratory Services Pty Ltd, ALS Canada Limited, ALS Czech Republic s.r.o., ALS Sweden AB, and CBL Campbell Brothers USA, Inc are parties to multi-currency term loan facility agreements as borrowers with a number of banks.

Under the terms of the agreements, the Company and the following controlled entities jointly and severally guarantee and indemnify the banks in relation to each borrower's obligations:

Australian Laboratory Services Pty Ltd, ACIRL Proprietary Ltd, ACIRL Quality Testing Services Pty Ltd, ALS Analytical Testing (Shanghai) Co. Ltd, ALS Bolivia Ltda, ALS Brasil Ltda, ALS Canada Ltd, ALSMX, S.A. de C.V., ALS (Barbados) Ltd, Manitoba Technology Centre Ltd, ALS Chemex de Mexico S.A. de C.V., ALS Chemex South Africa (Proprietary) Ltd, ALS Colombia Ltda, ALS Czech Republic s.r.o, ALS Ghana Limited, ALS Patagonia S.A., ALS Peru S.A., ALS Sweden AB, ALS Scandinavia AB (formerly ALS Analytica AB), ALS Technichem (HK) Pty Ltd, ALS Technichem (Singapore) Pte Ltd, ALS Testing Services (Thailand) Co. Ltd, ASL International Ltd, Groupe de Laboratoire ALS Mali SARL, Abilab Burkina SARL, Abilab Exploitation SARL, Consulchem Pty Ltd, S.C. Rom Analize S.R.L., Witalab (Proprietary) Ltd, Bushland Products Pty Ltd, Carpi Ltd, Panamex Pacific (PNG) Ltd, CBL Campbell Brothers NZ Ltd, CBL Campbell Brothers USA, Inc, e-Lab Analytical, Inc, ALS USA MI, Corp, ALS USA, Inc, Panamex Pacific, Inc (USA), Panamex Pacific Ltd, Proclean Ltd, Reward Supply Co. Pty Ltd, Pandee Services Pty Ltd, Panamex Pacific, Inc (American Samoa).

The term loan facilities are committed facilities and are able to be drawn in the form of bank overdrafts, loans or bank guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

27. Capital and reserves

Reconciliation of movement in capital

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Issued and paid up share capital				
52,136,610 ordinary shares fully paid (2007: 51,622,510)	223,111	208,692	223,111	208,692
<i>Movements in ordinary share capital</i>				
Balance at beginning of year	208,692	197,923	208,692	197,923
Share issues:				
514,100 shares (2007: 584,409) under Dividend Reinvestment Plan (1)	14,419	9,939	14,419	9,939
Nil shares (2007: 50,000) under Employee Share Plan (2)	-	830	-	830
Balance at end of year	223,111	208,692	223,111	208,692

(1) Issued pursuant to the Company's Dividend Reinvestment Plan:

2 July 2007 – 303,480 shares at \$25.89

17 December 2007 – 210,620 shares at \$31.15

(2) Issued to Managing Director on 25 July 2006 pursuant to resolution of shareholders at 2006 AGM

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Employee Share Plan

The current Employee Share Plan ("the Share Plan") was approved by shareholders at the Company's annual general meeting on 10 July 1996. Under the Share Plan, eligible employees of the Company or of its controlled entities may acquire ordinary fully paid shares in the Company. The Share Plan has been designed to take advantage of taxation concessions available to employee participants under such plans. An external third party is trustee of the Share Plan.

Participation in the Share Plan by employees is at the discretion of the Board of Directors. The Board sets the conditions under which employees can participate having regard to length of service and salary range. The Board administers the Share Plan as a non-discriminatory plan within the meaning of Australian taxation legislation. The price of shares issued under the Share Plan is determined at the discretion of directors and may be less than the prevailing market price. Employees may be offered loans from a controlled entity to finance their purchase of shares under the plan. Plan loans are interest free and repayable over 25 years.

Shares acquired by an employee under the Share Plan are held by a trustee for at least three years and until the whole of any related loan has been paid in full by the employee. Once the loan has been repaid and a period of three years has expired, the trustee transfers the shares to the employee. Dividends are applied by the trustee in reducing the employee's plan loan. During the period while shares are held by the trustee, the employee does not have voting rights in respect of those shares. On termination of employment, an employee has thirty days in which to decide whether to either repay the loan and receive their shares by way of transfer from the trustee or request that the shares be sold by the trustee after which any proceeds in excess of the outstanding loan amount are paid to the employee.

The aggregate number of shares held by the trustee under the Share Plan at any time must not exceed 5% of the total issued capital of the Company. No shares were issued under the Share Plan during the financial year (2007: 50,000). The market price of shares issued under the Share Plan as at 31 March 2008 was \$25.00 (2007: \$22.10).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

27. Capital and reserves *continued*

Details of the movement in employee shares under the Share Plan are as follows:

	2008 No.	2007 No.
Number of shares at beginning of year	637,300	653,400
Number of shares issued to employees	-	50,000
Number of shares distributed to employees	(198,500)	(66,100)
Number of shares at end of year	438,800	637,300

The amounts recognised as receivable in the financial statements of the Group and the Company in relation to employee shares at the end of the year are:

In thousands of AUD

	Consolidated		The Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Current receivables - Other debtors	1,546,239	2,616,524	1,546,239	2,616,524
Reserves				
Foreign currency translation	(5,331)	1,179	-	-
Hedging	(681)	160	(681)	160
Fair value	-	4,453	-	-
	(6,012)	5,792	(681)	160

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

Reconciliations of movements in reserves*In thousands of AUD*

	Consolidated		The Company	
	2008	2007	2008	2007
Foreign currency translation reserve:				
Balance at beginning of year	1,179	2,893	-	-
Foreign exchange translation differences	(5,880)	(3,463)	-	-
Gain / (loss) on hedge of net investments in foreign subsidiaries	(630)	1,749	-	-
Balance at end of year	(5,331)	1,179	-	-
Hedging:				
Balance at beginning of year	160	505	160	505
Net loss on cash flow hedges taken to equity	(841)	(345)	(841)	(345)
Balance at end of year	(681)	160	(681)	160
Fair value:				
Balance at beginning of year	4,453	-	-	-
Net change in fair value of available-for-sale financial assets	-	4,453	-	-
Transfer to profit on sale of investment	(4,453)	-	-	-
Balance at end of year	-	4,453	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

27. Capital and reserves *continued*

Dividends

Dividends recognised in the current year by the Company are:

<i>In thousands of AUD</i>	Cents per share	Franked amount (cents)	Total amount	Date of payment
2008				
Interim 2008 ordinary	35.0	17.5	18,174	17 December 2007
Final 2007 ordinary	42.0	21.0	21,681	2 July 2007
Total amount			39,855	
2007				
Interim 2007 ordinary	28.0	14.0	14,391	15 December 2006
Final 2006 ordinary	29.0	29.0	14,787	3 July 2006
Total amount			29,178	
Dividend declared after the end of the financial year:				
Final 2008 ordinary	60	30	31,282	1 July 2008

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2008 and will be recognised in subsequent financial reports.

The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30%.

Dividend franking account

<i>In thousands of AUD</i>	Consolidated		The Company	
	2008	2007	2008	2007
30% franking credits available to shareholders of Campbell Brothers Limited for subsequent financial years	6,242	4,985	6,048	4,408

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$6,703,000 (2007: \$4,646,000).

28. Total equity reconciliation

<i>In thousands of AUD</i>	Consolidated		The Company	
	2008	2007	2008	2007
Total equity at beginning of year	299,547	256,652	226,997	219,817
Total recognised income and expense attributable to equity holders of the company	65,015	61,460	31,646	25,588
Transactions with owners as owners:				
Contributions of equity (Note 27)	14,419	10,769	14,419	10,769
Dividends (Note 27)	(39,855)	(29,178)	(39,855)	(29,178)
Total changes in minority interests	(921)	(156)	-	-
Total equity at end of year	338,205	299,547	233,207	226,997

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

29. Financial instruments**Liquidity risk****Contractual maturities for financial liabilities on a gross cash flow basis are analysed below:****CONSOLIDATED**

As at 31 March 2008

*In thousands of AUD***Non-derivative financial liabilities**

	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total	Average effective interest rate
Bank overdraft	66	1,383	-	-	-	1,449	10.0%
Trade and other payables	69,781	-	-	-	-	69,781	n/a
Finance lease liabilities	1,261	1,166	2,599	2,524	1,073	8,623	7.6%
Unsecured bank loans	6,723	7,501	165,935	78,098	-	258,257	5.8%

Derivative financial liabilities

Interest rate contracts used for hedging	(49)	(49)	(141)	(82)	-	(321)	n/a
Forward exchange contracts	67	-	-	-	-	67	n/a

Total

77,849 10,001 168,393 80,540 1,073 337,856

COMPANY**Non-derivative financial liabilities**

Trade and other payables	17,313	-	-	-	-	17,313	n/a
Finance lease liabilities	328	328	655	1,964	1,073	4,348	7.9%
Unsecured bank loans	4,525	4,525	120,320	9,069	-	138,439	7.3%
Due to controlled entities	125	-	21,810	-	-	21,935	n/a

Derivative financial liabilities

Interest rate contracts used for hedging	(49)	(49)	(141)	(82)	-	(321)	n/a
Forward exchange contracts	67	-	-	-	-	67	n/a

Total

22,309 4,804 142,644 10,951 1,073 181,781

CONSOLIDATED

As at 31 March 2007

Non-derivative financial liabilities

Bank overdraft	505	-	-	-	-	505	7.4%
Trade and other payables	59,417	-	-	-	-	59,417	n/a
Finance lease liabilities	1,368	1,288	3,419	2,685	1,729	10,489	7.3%
Unsecured bank loans	2,602	3,676	6,594	129,444	-	142,316	4.3%

Derivative financial liabilities

Interest rate contracts used for hedging	(89)	(74)	(61)	(45)	-	(269)	n/a
Forward exchange contracts	129	-	-	-	-	129	n/a

Total

63,932 4,890 9,952 132,084 1,729 212,587

COMPANY**Non-derivative financial liabilities**

Trade and other payables	16,132	-	-	-	-	16,132	n/a
Finance lease liabilities	352	352	655	1,965	1,729	5,053	7.9%
Unsecured bank loans	572	572	1,144	29,099	-	31,387	4.0%
Due to controlled entities	125	-	15,574	-	-	15,699	n/a

Derivative financial liabilities

Interest rate contracts used for hedging	(89)	(74)	(61)	(45)	-	(269)	n/a
Forward exchange contracts	129	-	-	-	-	129	n/a

Total

17,221 850 17,312 31,019 1,729 68,131

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

29. Financial instruments *continued*

Currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

CONSOLIDATED

In thousands of AUD

	2008			2007		
	USD	CAD	SEK	USD	CAD	SEK
Trade and other receivables	17,561	-	-	13,466	-	-
Cash at bank	13,648	188	-	14,363	33	-
Secured bank loan	-	(5,339)	(23,923)	-	(5,358)	(23,004)
Trade and other payables	(4,388)	-	-	(2,545)	-	-
Gross balance sheet exposure	26,821	(5,151)	(23,923)	25,284	(5,325)	(23,004)
Forward exchange contracts	1,008	-	-	5,116	-	-
Net exposure	27,829	(5,151)	(23,923)	30,400	(5,325)	(23,004)
COMPANY						
Trade and other receivables	544	-	-	101	-	-
Cash at bank	4,278	188	-	4,652	33	-
Secured bank loan	-	(5,339)	(23,923)	-	(5,358)	(23,004)
Trade and other payables	(1,165)	-	-	(955)	-	-
Gross balance sheet exposure	3,657	(5,151)	(23,923)	3,798	(5,325)	(23,004)
Forward exchange contracts	1,008	-	-	5,116	-	-
Net exposure	4,665	(5,151)	(23,923)	8,914	(5,325)	(23,004)

The following exchange rates against the Australian dollar applied at 31 March:

	31 March spot rate	
	2008	2007
USD	0.915	0.809
CAD	0.937	0.933
SEK	5.434	5.651

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

In thousands of AUD

As at 31 March 2008	Consolidated		The Company	
	Profit	Equity	Profit	Equity
USD	(2,530)	-	(424)	-
CAD	(17)	485	468	-
SEK	-	2,175	2,175	-
31 March 2007				
USD	(2,764)	-	(810)	-
CAD	(3)	487	484	-
SEK	-	2,091	2,091	-

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

29. Financial instruments *continued***Sensitivity analysis** *continued*

A 10 percent weakening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

In thousands of AUD

As at 31 March 2008	Consolidated		The Company	
	Profit	Equity	Profit	Equity
USD	3,092	-	518	-
CAD	21	(593)	(572)	-
SEK	-	(2,658)	(2,658)	-
31 March 2007				
USD	3,378	-	991	-
CAD	4	(595)	(591)	-
SEK	-	(2,556)	(2,556)	-

Interest rate risk

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Fixed rate instruments				
Financial liabilities	(7,446)	(9,150)	(3,399)	(3,816)
Variable rate instruments				
Financial assets	46,552	43,210	7,632	12,930
Financial liabilities	(230,572)	(122,967)	(144,072)	(44,020)
Effect of interest rate contracts (notional amounts)	129,398	67,275	60,000	-
	(54,622)	(12,482)	(76,440)	(31,090)

Sensitivity analysis*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through the income statement and the Group does not designate interest rate contracts as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect either the Group's profit before income tax or the Group's equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

In thousands of AUD

As at 31 March 2008	Consolidated			
	Profit		Equity	
	50bp increase	50bp decrease	50bp increase	50bp decrease
Variable rate instruments	(920)	920	-	-
Interest rate contracts	519	(397)	1,233	(1,013)
Cash flow sensitivity (net)	(401)	523	1,233	(1,013)
As at 31 March 2007				
Variable rate instruments	(399)	399	-	-
Interest rate contracts	436	(436)	1,400	(1,400)
Cash flow sensitivity (net)	37	(37)	1,400	(1,400)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

30. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Less than one year	10,448	6,903	1,335	1,154
Between one and five years	23,680	13,441	1,168	993
More than five years	14,173	7,763	-	-
	48,301	28,107	2,503	2,147

The Group leases property, plant and equipment under operating leases expiring over terms of up to six years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Some leases provide for additional rent payments that are based on a local price index. Lease commitments in respect of finance leases are disclosed in Note 26.

Leases as lessor

The Group leases out its investment property held under operating lease (see note 25). The future minimum lease payments receivable under non-cancellable leases are as follows:

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Less than one year	1,184	-	1,184	-
Between one and five years	4,142	-	4,142	-
More than five years	-	-	-	-
	5,326	-	5,326	-

31. Capital commitments

In thousands of AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Capital expenditure commitments				
Plant and equipment contracted but not provided for and payable within one year	7,701	5,739	28	-
	7,701	5,739	28	-

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

32. Contingencies

The directors are of the opinion that provisions are not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Purchases of controlled entities – additional consideration Maximum amounts payable*In thousands of AUD*

	Consolidated		The Company	
	2008	2007	2008	2007
During a previous year, the Group acquired Swedish laboratory group, Analytica AB. Pursuant to the agreement additional consideration may be payable if certain performance hurdles are achieved over the next two years. No amount was paid in respect of this arrangement during the year ended 31 March 2008 (2007: Nil):	1,380	1,327	-	-
In August 2007, the Group acquired US laboratory group, eLab Analytical. Pursuant to the purchase agreement additional consideration may be payable if certain performance hurdles are achieved over the next two years. \$536 thousand was paid in respect of this arrangement during the year ended 31 March 2008.	2,680	-	-	-
In December 2007, the Group acquired the Witlab laboratory group in South Africa. Pursuant to the purchase agreement additional consideration may be payable if certain performance hurdles are achieved over the next two years. No amount was paid in respect of this arrangement during the year ended 31 March 2008.	1,683	-	-	-
During a previous year, the Group acquired Swedish Geochem Services AB. Pursuant to the agreement additional purchase consideration was payable if certain performance hurdles were achieved over a period which ended during the year to 31 March 2008. \$451 thousand was paid under this arrangement during the year (2007: \$320 thousand).	-	425	-	-

Litigation

A subsidiary is defending an action brought by a competitor. While liability is not admitted, if defence against the action is unsuccessful, damages and legal costs may be payable. The directors do not expect the outcome of the action to have a material effect on the Group's financial position. In the directors' opinion, disclosure of any further information would be prejudicial to the interests of the Group.

33. Deed of cross guarantee

Pursuant to an ASIC Individual Order dated 22 March 2005, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Individual Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- ACIRL Proprietary Limited ⁽¹⁾
- Australian Laboratory Services Pty Ltd
- Bushland Products Pty Ltd
- Currey Pty Ltd ⁽¹⁾
- Reward Supply Co. Pty Ltd
- Reward Supply Co. (N.Q.) Pty Ltd ⁽¹⁾

(1) These entities became a party to the Deed via a Deed of Assumption lodged with ASIC on 31 March 2008.

Effective 31 March 2008, due to voluntary deregistration as a company, Albert Crocker & Son Pty Ltd was released from its obligations under the Deed via a Deed of Revocation lodged with ASIC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

33. Deed of cross guarantee *continued*

A consolidated income statement and consolidated balance sheet, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 March 2008 is set out below.

Summarised income statement and retained profits

In thousands of AUD

	Consolidated	
	2008	2007
<i>Profit before tax</i>	42,140	42,996
Income tax expense	(10,093)	(10,206)
<i>Profit after tax</i>	32,047	32,790
Retained profits at beginning of year	25,106	21,122
Dividends recognised during the year	(39,855)	(29,178)
Retained profits at end of year	17,298	24,734
Balance sheet		
Assets		
Cash and cash equivalents	11,685	15,657
Trade and other receivables	64,406	48,275
Inventories	42,258	40,007
Other	2,112	2,079
Total current assets	120,461	106,018
Receivables	66,470	75,421
Investments accounted for using the equity method	10,768	3,163
Investment Property	11,378	-
Deferred tax assets	5,297	3,397
Property, plant and equipment	69,222	67,225
Intangible assets	102,304	29,336
Other	46,088	48,742
Total non-current assets	311,527	227,284
Total assets	431,988	333,302
Liabilities		
Trade and other payables	39,160	33,777
Loans and borrowings	964	200
Income tax payable	3,992	3,891
Employee benefits	9,618	7,268
Total current liabilities	53,734	45,136
Loans and borrowings	135,994	48,149
Deferred tax liabilities	-	(324)
Employee benefits	2,532	2,098
Other	-	205
Total non-current liabilities	138,526	50,128
Total liabilities	192,260	95,264
Net assets	239,728	238,038
Equity		
Share capital	223,111	208,692
Reserves	(681)	4,612
Retained earnings	17,298	24,734
Total equity	239,728	238,038

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

34. Consolidated entities

	Footnote	Country of Incorporation	Ownership interest %	
			2008	2007
Parent entity				
Campbell Brothers Limited		Aust		
Subsidiaries				
Australian Laboratory Services Pty Ltd		Aust	100	100
ACIRL Proprietary Ltd	1	Aust	100	-
ACIRL Quality Testing Services Pty Ltd	1	Aust	100	-
ALS Analytical Testing (Shanghai) Co. Ltd	4	China	100	100
ALS Bolivia Ltda	4	Bolivia	100	100
ALS Brasil Ltda	4	Brazil	100	100
ALS Canada Ltda	5	Canada	100	100
Manitoba Technology Centre Ltd	5	Canada	100	100
ALSMX, S.A. de C.V.	4	Mexico	100	100
ALS-Indequim, S.A. de C.V.	3,4	Mexico	100	70
ALS (Barbados) Ltd	4	Barbados	100	100
ALS Chemex de Mexico S.A. de C.V.	4	Mexico	100	100
ALS Chemex South Africa (Proprietary) Ltd		South Africa	100	100
ALS Chemex (Guangzhou) Ltd	2	China	100	-
ALS Colombia Ltda		Colombia	100	100
ALS Czech Republic s.r.o	4	Czech Republic	100	100
ALS Geolab SRL	4	Argentina	100	100
ALS Ghana Limited		Ghana	100	100
ALS Patagonia S.A.	4	Chile	100	100
ALS Peru S.A.	4	Peru	100	100
ALS Sweden AB		Sweden	100	100
ALS Scandinavia AB (formerly ALS Analytica AB)		Sweden	100	100
ALS Finland OY	2	Finland	100	-
ALS Chita Holdings AB		Sweden	100	100
ALS Laboratory Group LLC	2	Russia	100	-
ALS Poland Sp. z.o.o.	2	Poland	100	-
ALS Portugal Lda	2	Portugal	100	-
ALS Taiwan Co. Ltd	4	Taiwan	51	51
ALS Technichem (HK) Pty Ltd		Hong Kong	100	100
ALS Technichem (Singapore) Pte Ltd		Singapore	100	100
ALS Testing Services (Thailand) Co. Ltd		Thailand	100	100
ASL International Ltd	4	Barbados	100	100
Carolab (Proprietary) Ltd	1	South Africa	73.9	-
Consulchem Pty Ltd		Aust	100	100
Group de Laboratoire ALS MALI SARL	4	Mali	100	100
Abilab Burkina SARL	4	Burkina Faso	100	100
Abilab Exploitation SARL	4	Mali	100	100
S.C. Rom Analyze S.R.L.	4	Romania	100	100
Witlab (Proprietary) Ltd	1	South Africa	100	-
Bushland Products Pty Ltd		Aust	100	100
Campbell Brothers Trading Pty Ltd	6	Aust	-	100
Carpi Ltd		PNG	100	100
Panamex Pacific (PNG) Ltd		PNG	100	100
CBL Campbell Brothers NZ Ltd		NZ	100	100
CBL Campbell Brothers USA, Inc		USA	100	100
e-Lab Analytical, Inc	1	USA	100	-
ALS USA MI, Corp		USA	100	100
(formerly Microspec Analytical Group, Ltd)	1	USA	100	-
ALS USA, Inc		USA	100	100
Panamex Pacific, Inc		USA	100	100
Panamex Pacific, Inc		American Samoa	100	100
Panamex Pacific Ltd		NZ	100	100
Proclean Ltd		NZ	100	100
Reward Supply Co. Pty Ltd		Aust	100	100
Albert Crocker & Son Pty Ltd	6	Aust	-	100
Pandee Services Pty Ltd		Aust	100	100
Parker Sales & Service Pty Ltd		Aust	51	51
Reward Supply Co. (N.Q.) Pty Ltd	3	Aust	100	80
Currey Pty Ltd		Aust	100	100
Currey (N.Q.) Pty Ltd		Aust	100	100
Whitsunday Catering Supplies Pty Ltd		Aust	100	100
Reward Supply Co. (N.T.) Pty Ltd		Aust	51	51
Strategic Retail Performance Pty Ltd	6	Aust	-	100

Footnotes

1 Controlled entities acquired during the year.

2 Controlled entities incorporated during the year.

3 Minority shareholding acquired.

4 Controlled entities with a financial year end of 31 December, which differs from the Company's year end of 31 March.

5 ETL Chemspec Analytical Ltd amalgamated with ALS Canada Ltd, with Manitoba Technology becoming a direct subsidiary of ALS Canada Ltd. ETL Labs, Inc and Enviro-Test Laboratories, LLC are inactive entities and were removed from listing.

6 Controlled entities voluntarily deregistered during the year.

Refer to Note 6 for details of segment profit from ordinary activities and Note 36 for details of acquisitions.

During the year, Campbell Brothers Limited Superannuation Pty Ltd was voluntarily deregistered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

35. Reconciliation of cash flows from operating activities

In thousands of AUD

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Cash flows from operating activities					
Profit for the period		77,205	59,018	32,487	25,933
<i>Adjustments for:</i>					
Amortisation and depreciation	22	28,172	24,310	3,774	3,683
Finance charges on capitalised leases		702	667	288	157
Finance income on capitalised leases		(376)	(189)	(376)	(189)
Foreign exchange gain/(loss)		-	-	61	(2,664)
(Profit)/loss on sale of property plant and equipment		(215)	(36)	(60)	(46)
Discount on executive shares		-	378	-	378
Gain on sale of pest control and cleaning services business segment		-	(10,060)	-	(3,914)
Gain on sale of investment in CCI Holdings Ltd		(7,090)	-	-	-
Net Loss on disposal of the consumer products contract manufacturing business		66	-	66	-
Write off loan to controlled entity		-	-	-	-
Share of associates and joint venture net profit		(1,652)	(1,001)	-	-
Net non-cash expenses		9,599	2,103	588	(251)
Operating cash flow before changes in working capital and provisions		106,411	75,190	36,828	23,087
(Increase)/decrease in amounts owing by controlled entities		-	-	(3,611)	(2,267)
(Increase)/decrease in trade and other receivables		(21,507)	(16,065)	(2,530)	(2,023)
(Increase)/decrease in inventories		(7,098)	(6,529)	(253)	326
(Decrease)/increase in trade and other payables		(190)	3,321	(93)	2,115
(Decrease)/increase in taxation provisions		1,960	2,179	1,495	904
Net cash from operating activities		79,576	58,096	31,836	22,142

36. Acquisitions of subsidiaries and minority interests

Business Combinations

In thousands of AUD

	Interest acquired	Date acquired	Consideration
2008			
E-Lab Analytical, Inc	100%	31 August 2007	16,307
ALS USA MI, Corp (formerly Microspec Analytical Group, Ltd)	100%	31 August 2007	2,979
ACIRL Pty Ltd	100%	1 October 2007	78,976
Witlab (Pty) Ltd	100%	30 November 2007	4,688
Carolab (Pty) Ltd	73.9%	30 November 2007	32
			102,982
2007			
Abilab Burkina SARL	100%	1 November 2006	2,097
Abilab Exploitation SARL	100%	1 November 2006	592
ALS Analytica AB	100%	31 July 2006	25,555
Consulchem Pty Ltd	100%	31 October 2006	3,734
Pandee Services Pty Ltd	100%	29 September 2006	1,583
S.C. Rom Analize S.R.L	100%	1 September 2006	43
Businesses acquired during the year (a)			10,035
			43,639

(a) Businesses acquired have been absorbed into controlled entities

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NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2008****36. Acquisitions of subsidiaries and minority interests** *continued*

In the periods to 31 March 2008 the acquired entities contributed a net profit of \$5,074,000 to the consolidated net profit for the year. If the acquisitions had occurred on 1 April 2007, Group revenue from continuing operations would have been \$795,160,000, net profit from continuing operations would have been \$82,333,000 and net profit from continuing operations attributable to equity holders of the Company (excluding transactions relating to the investment in CCI Holdings Limited - refer note 9) would have been \$76,722,000.

Acquirees' net assets at acquisition dates*In thousands of AUD*

	Recognised values	
	2008	2007
Property, plant and equipment	8,560	4,898
Intangible assets	815	1,305
Inventories	3,119	3,717
Trade and other receivables	8,494	5,769
Cash and cash equivalents	1,102	1,861
Interest-bearing loans and borrowings	(3,402)	(2,249)
Trade and other payables	(8,140)	(3,700)
Net identifiable assets and liabilities	10,548	11,601
Minority interest at acquisition	(11)	-
Goodwill on acquisition	92,445	32,038
Consideration paid, satisfied in cash	102,982	43,639
Cash (acquired)	(1,102)	(1,861)
Net cash outflow	101,880	41,778

The amounts recognised at acquisition dates for each class of acquirees' assets and liabilities were the same as the carrying amounts of those items in the accounts of the acquired entities immediately before acquisition.

Acquisition of minority interests

In July 2007 the Group acquired the remaining 30% interest in ALS-Indequim, S.A. de C.V. for \$625,000 in cash, increasing ownership to 100%. The carrying amount of net assets in the financial statements on the date of acquisition was \$743,000. The Group recognised a decrease in minority interests of \$223,000 and goodwill of \$402,000.

In March 2008 the Group acquired the remaining 20% interest in Reward Supply Co. (N.Q.) Pty Ltd for \$1,200,000 in cash, increasing ownership to 100%. The carrying amount of net assets in the financial statements on the date of acquisition was \$4,745,000. The Group recognised a decrease in minority interests of \$949,000 and goodwill of \$251,000.

37. Discontinued operations

In September 2007 the Group sold its consumer products contract manufacturing business. Prior year comparatives relate to that business and the Campbell Brothers Services segment which was sold during the March 2007 financial year.

The consumer products contract manufacturing business was not a discontinued operation or classified as held for sale as at 31 March 2007 and the income statement has been re-presented to show the discontinued operation separately from continuing operations.

Information attributable to discontinued operations is as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

37. Discontinued operations *continued*

In thousands of AUD

	Note	Consolidated	
		2008	2007
Cash flows from operating activities			Restated*
Revenue		11,255	51,459
Expenses		(11,187)	(50,429)
Results from operating activities		68	1,030
Income tax expense		(20)	(281)
Results from operating activities, net of income tax		48	749
Gain on sale of discontinued operation	9	(66)	9,397
Income tax on gain on sale of discontinued operation		388	(1,979)
Profit for the period		370	8,167
Basic earnings per share		0.71c	15.84c
Diluted earnings per share		0.71c	15.84c
Cash flows from discontinued operation			
Net cash from operating activities		(20)	3,163
Net cash from investing activities		3,734	45,789
Net cash from financing activities		-	(1,181)
Net cash from discontinued operation		3,714	47,771
Effect of disposal on the financial position of the Group			
Property, plant and equipment		(1,653)	
Inventories		(2,096)	
Provisions		334	
Net identifiable assets and liabilities		(3,415)	
Consideration received, satisfied in cash		3,708	

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NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2008****38. Key management personnel disclosures**

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

G J McGrath (Chairman)
A J Love
N Withnall
M D Kriewaldt
R G Hill
B R Brown

Executives

H Blok (Executive Vice President, ALS Laboratory Group)
D Brown (General Manager, Chemical Division)
C Clements (General Manager, Reward Distribution Group, appointed 12 November 2007)
N Thompson (former General Manager, Reward Distribution Group) (i)
P Davis (former General Manager, Campbell Consumer Products) (ii)
A Austin (former Company Secretary / Group Finance Manager) (iii)

Executive director

G F Kilmister (Managing Director and CEO)

(i) N Thompson ceased employment with the Group on 31 March 2008.

(ii) P Davis ceased employment with the Group on 5 October 2007.

(iii) A Austin ceased employment with the Group on 5 April 2007.

The key management personnel compensation included in employee expenses are as follows:

In AUD

	Consolidated		The Company	
	2008	2007	2008	2007
Short term employee benefits	2,674,595	2,812,389	2,674,595	2,033,060
Post-employment benefits	1,027,412	454,618	1,027,412	445,054
Other long term benefits	396,595	4,587	396,595	4,133
Share-based payments	-	378,000	-	378,000
	4,098,602	3,649,594	4,098,602	2,860,247

Information regarding individual directors and executives is provided in the Remuneration Report section of the Directors' Report on page 28.

Loans to key management personnel and their related parties (consolidated)

Details regarding loans outstanding at the reporting date to key management personnel and their related parties, where the individual's aggregate loan balance exceeded \$100,000 at any time in the reporting period, are as follows:

	Balance 1 April 2007 \$	Balance 31 March 2008 \$	Interest paid and payable in the reporting period \$	Highest balance in period \$
2008				
Directors				
G F Kilmister	561,044	494,864	-	561,044
	Balance 1 April 2006 \$	Balance 31 March 2007 \$	Interest paid and payable in the reporting period \$	Highest balance in period \$
2007				
Directors				
G F Kilmister	142,994	561,044	-	584,844

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

38. Key management personnel disclosures *continued*

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the Group to key management personnel and their related parties, and the number of individuals in each group, are as follows:

	Opening Balance \$	Closing Balance \$	Interest paid and payable in the reporting period \$	Numbers in group at 31 March
Total for key management personnel and their related entities:				
Directors				
2008	561,044	494,864	-	1
2007	142,944	561,044	-	1
Executives				
2008	328,879	103,794	-	2
2007	378,184	328,879	-	5

Loans made to the key management personnel are interest free (2007: 0%). These loans have been made to executives under the terms of the Company's Employee Share Plan. Refer to Note 27 for terms and conditions of loans under the Employee Share Plan. These loans are on terms and conditions no more favourable than loans available to other employees under the Plan. No amounts have been written off, or recorded as allowances, as the balances are considered fully collectible.

Equity instruments

The Executive Share Option Plan (ESOP) was terminated by the Board during the year ended 31 March 2006. All options over unissued ordinary shares were exercised during the year ended 31 March 2006. There were no options or rights over equity instruments granted as compensation during the year.

Exercise of options granted as compensation

There were no shares issued as a result of exercise of options during the year.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Campbell Brothers Limited held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Held at 1 April 2007	Purchases	Sales	Held at 31 March 2008
Directors				
G J McGrath	231,429	6,009	-	237,438
G F Kilmister (i)	157,338	2,000	15,500	143,838
A J Love (i)	94,834	27	5,360	89,501
N Withnall	1,870	51	-	1,921
M D Kriewaldt (i)	54,624	1,161	-	55,785
R G Hill	12,000	-	-	12,000
B R Brown	102,272	-	52,272	50,000
Executives				
H Blok	42,668	571	7,000	36,239
D Brown	10,000	-	10,000	-
C Clements	-	-	-	-
N Thompson	27,000	-	7,000	20,000
P Davis (ii)	41,500	n/a	n/a	n/a
A Austin (ii)	17,109	n/a	n/a	n/a

All purchases and sales complied with the Board's Insider Trading Policy which permits trading by directors and executives during certain periods in the absence of knowledge of price-sensitive information.

(i) The balance of issued ordinary shares differs from the holdings disclosed in the Directors' Report due to the inclusion above of holdings of certain related parties as required by Australian Accounting Standards. Such parties' holdings are excluded from the balances disclosed in the Directors' Report because they are not considered to be personally related entities under the Corporations Act 2001.

(ii) Executives ceased employment with the Group during the financial year. No purchases or sales occurred during the period they remained employees of the Group.

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NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2008****39. Non-key management personnel related party disclosures**

The following were key management personnel of the Group at any time during the reporting period and unless The Group has a related party relationship with its subsidiaries (see note 34), associates and joint venture (see note 18), and with its key management personnel (see note 38).

Related party transactions**Subsidiaries**

Loans are made by the Company to wholly owned subsidiaries for capital purchases and to meet day to day funding requirements. Loans outstanding between the Company and its wholly owned Australian entities have no fixed date of repayment and are non-interest bearing. Where the Company has loaned funds to or received funds from other Australian non-wholly owned subsidiaries or loaned funds to or received funds from wholly owned subsidiaries incorporated outside of Australia, interest is charged at prevailing commercial rates.

Joint venture

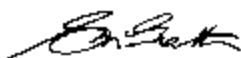
A loan has been made by the Group to joint venture entity, ALS Mineralogy Pty Ltd, for capital purchases and to meet day to day funding requirements. The loan has no fixed date of repayment and interest is charged at prevailing commercial rates.

DIRECTORS' DECLARATION

For the year ended 31 March 2008

- 1 In the opinion of the directors of Campbell Brothers Limited ("the Company"):
 - (a) the financial statements and notes, numbered 1 to 39, and the remuneration disclosures marked "audited" contained in section 7 of the Remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 31 March 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);
 - (c) the remuneration disclosures marked "audited" contained in section 7 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*; and
 - (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 There are reasonable grounds to believe that the Company and the controlled entities identified in Note 33 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee between the Company and those entities, pursuant to the ASIC Individual Order dated 22 March 2005.
- 3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 March 2008.

Signed in accordance with a resolution of the directors:



G J McGrath

Chairman

Brisbane
27 May 2008



G F Kilmister

Managing Director

Brisbane
27 May 2008



INDEPENDENT AUDITOR'S REPORT

to the members of Campbell Brothers Limited

Report on the financial report and the remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Campbell Brothers Limited (the Company), which comprises the balance sheets as at 31 March 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, accompanying notes 1 to 39 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

As is permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" in section 7 of the directors' report and not in the financial report. These remuneration disclosures are marked "audited". We have audited these remuneration disclosures. The Remuneration Report also contains information marked "unaudited" which is not required by Australian Accounting Standard AASB 124 and is not subject to our audit.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the preparation and presentation of the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with Australian Accounting Standard AASB 124.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

- (a) the financial report of Campbell Brothers Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 31 March 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2; and
- (c) the remuneration disclosures contained in section 7 of the directors' report and marked "audited" comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

KPMG

Brisbane
27 May 2008

Robert S Jones
Partner

LEAD AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001



To: the directors of Campbell Brothers Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 March 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Brisbane
27 May 2008

Robert S Jones
Partner

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TWENTY LARGEST SHAREHOLDERS**As at 27 May 2008**

Name	State	No. of Ordinary Shares Held	% of Issued Capital
1. JP Morgan Nominees Australia Limited	New South Wales	3,042,516	5.84
2. ANZ Nominees Limited <Income Reinvest Plan A/c>	Victoria	2,409,163	4.62
3. National Nominees Limited	Victoria	1,889,845	3.62
4. HSBC Custody Nominees (Australia) Limited	New South Wales	1,734,860	3.33
5. Milton Corporation Limited	New South Wales	1,413,310	2.71
6. RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST a/c>	New South Wales	1,266,170	2.43
7. Faircase Pty Ltd	Queensland	947,440	1.82
8. Cogent Nominees Pty Limited	New South Wales	839,639	1.61
9. ANZ Nominees Limited <SL Cash Income 4SF A/c>	Victoria	815,384	1.56
10. Argo Investments Limited	South Australia	577,954	1.11
11. Smersh Investments Pty Ltd <Smersh A/C>	Queensland	500,000	0.96
12. Australian Foundation Investment Company Limited	Victoria	459,286	0.88
13. RBC Dexia Investor Services Australia Nominees Pty Limited <GSJBW A/c>	New South Wales	445,833	0.86
14. Citicorp Nominees Pty Ltd	Victoria	445,487	0.85
15. Gardenglen Pty Ltd	Queensland	421,535	0.81
16. CPU Share Plans Pty Limited <CPB LON Control A/C>	New South Wales	417,300	0.80
17. Mrs Dorothy Anne Stewart	Queensland	338,000	0.65
18. Brickworks Investment Company Limited	New South Wales	301,629	0.58
19. Mrs Joyce Selina Hinds	Queensland	300,190	0.58
20. Choiseul Investments Limited	New South Wales	282,161	0.54
	TOTAL	18,847,702	36.16

SHAREHOLDER INFORMATION

Other ASX Requirements

Substantial Shareholders

The number of shares held by substantial shareholders as disclosed in substantial shareholding notices given to the Company as at 27 May 2008 were:

	No. of Shares	% Held
ING Australia Holdings Limited (ING)	4,534,530	8.70
Australia and New Zealand Banking Group Limited (ANZ) [^]	3,957,503	7.60

[^] 3,646,520 shares taken to have same relevant interest as ING by reason of ANZ having voting power above 20% of ING.

Statement of Quoted Securities

The Company's total number of shares on issue is 52,136,610 ordinary fully paid shares. At 27 May 2008 the total number of shareholders owning these shares was 6,802 on the register of members maintained by Computershare Investor Services Pty Ltd.

36.16% of total issued capital is held by or on behalf of the twenty largest shareholders.

Voting Rights

Under the Company's Constitution, every member entitled to vote who is present at a general meeting of the Company in person or by proxy or by attorney or in the case of a corporation, by representative, shall, upon a show of hands, have one vote only.

Proxies - Where a member appoints 2 proxies, neither proxy is entitled to a vote on a show of hands.

Poll - On a poll, every member entitled to vote shall, whether present in person or by proxy or attorney or, in the case of a corporation, by representative, have one vote for every share held by the member.

At 27 May 2008, there were no options held over unissued ordinary shares in the Company.

Distribution Schedule of Shareholders

No. of Shares Held	No. of Shareholders
1 - 1,000	2,304
1,001 - 5,000	3,038
5,001 - 10,000	783
10,001 - 100,000	627
100,001 and over	50
	6,802

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares at 27 May 2008 was 62.

Uncertificated Share Register

The Company's share register is totally uncertificated. Two forms of uncertificated holdings are available to shareholders:

- *Issuer Sponsored holdings*: sponsored by the Company. Has the advantage of being uncertificated without the need to be sponsored by a stockbroker.

- *Broker Sponsored holdings*: sponsored by a stockbroker. This type is attractive to regular stockmarket traders or those shareholders who have their share portfolio managed by a stockbroker.

Holding statements are issued to shareholders within 5 business days after the end of any month in which transactions occur that alter the balance of your shareholding.

Securities Exchange Listing

The shares of Campbell Brothers Limited are listed on the Australian Securities Exchange under the trade symbol CPB, with Brisbane being the home exchange. Details of trading activity are published in most daily newspapers, generally under the abbreviation of Cam Bros.

Other Shareholder Information

Visit the Company's website at www.campbell.com.au for the latest information on the Company's activities.

Share Registry

To update and manage your shareholding easily and quickly, go to www-au.computershare.com and login to Investor Centre to make changes to your address or view balances. Any questions concerning your CBL shareholding, share transfers or dividends, please contact our Share registry, Computershare Investor Services Pty Ltd. They can be contacted by phone on 1300 552 270 (within Australia), +61 7 3237 2100, by fax on +61 7 3229 9860 or online at the above web address.

Annual Reports

The latest Annual Report can be accessed from the Company's website at www.campbell.com.au. If you wish to receive a hard copy of the annual report, please contact our Share registry, Computershare Investor Services Pty Ltd, to request that the annual report be sent to you in future.

Changing Your Address?

If you change your address, please promptly notify our Share registrar in writing. You should quote your SRN (Shareholder Reference Number) or HIN (Holder Identification Number) and also quote your old address as an added security check.

Direct Deposit into Bank Accounts

If you choose, your CBL dividends can be paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Details will be confirmed by an advice mailed to you on that date. Application forms are available from the Share registrar.

Dividend Reinvestment Plan

If you want your dividends reinvested to purchase more CBL shares at a discounted price, contact the Share registry for a DRP Application form and Explanatory booklet. The current discount is 7.5% off the weighted average market price, calculated over the five trading days subsequent to the record date. Currently, the DRP Plan is only open to shareholders with registered addresses in Australia or New Zealand.

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TEN YEAR SUMMARY

	1999	2000	2001	2002	2003	2004	2005*	2006	2007	2008	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Sales Revenue	198,755	271,736	319,146	336,219	359,278	390,269	435,562	522,654	662,654	772,286	
Funds Employed											
Share capital	63,020	65,186	67,049	98,186	100,067	104,327	112,185	197,923	208,692	223,111	
Reserves	3,295	3,505	4,576	828	(2,506)	(7,344)	(421)	3,398	5,792	(6,012)	
Retained earnings	16,071	19,767	28,850	28,527	28,700	37,768	37,496	53,650	83,538	120,502	
Minority interests	18	151	66	300	230	995	1,971	1,681	1,525	604	
Non-current liabilities	25,970	50,295	86,888	94,378	92,786	100,006	84,991	118,648	133,037	239,483	
Current liabilities	31,098	50,665	53,055	48,855	53,592	48,593	65,850	85,734	83,345	99,981	
Total funds employed	139,472	189,569	240,484	271,074	272,869	284,345	302,072	461,034	515,929	677,669	
Represented by											
Property, plant & equipment	46,792	65,863	77,361	87,486	86,572	85,947	89,313	125,361	134,566	152,074	
Current assets	54,116	76,973	90,528	108,337	106,594	111,784	137,529	188,863	215,660	259,075	
Non-current assets	5,118	5,414	21,150	9,470	13,173	13,284	8,063	10,831	29,170	36,327	
Intangibles	33,446	41,319	51,445	65,781	66,530	73,330	67,167	135,979	136,533	230,193	
Total assets	139,472	189,569	240,484	271,074	272,869	284,345	302,072	461,034	515,929	677,669	
Trading Results											
Financing costs (net)	1,591	2,792	4,203	4,910	5,125	5,752	5,477	5,555	6,849	9,775	
Depreciation & amortisation	7,553	8,910	11,549	13,931	15,459	15,768	13,999	16,512	24,310	28,172	
Profit before tax	16,317	18,560	19,647	16,319	17,238	21,509	45,143	52,075	86,537	109,008	
Income tax expense	5,670	6,295	3,028	5,030	5,703	6,903	10,381	17,182	27,519	31,804	
Profit after tax											
(before g'will & unusual items)	11,416	13,199	13,913	13,548	14,558	17,904	24,966	34,227	51,600	71,655	
Profit after tax											
(before g'will & unusual items)											
- attributable to members	11,396	12,996	14,139	13,493	14,919	17,939	25,005	34,177	51,648	71,270	
Profit after tax, goodwill & unusual items											
- attributable to members	10,627	12,062	17,985	11,234	11,896	14,641	34,344	34,843	59,066	76,819	
Dividend	7,299	8,366	9,429	11,607	11,723	13,183	17,297	23,560	36,072	49,456	
Other Statistics	(Ref)	(a),(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Net tangible asset											
backing per share	\$	1.61	1.52	1.56	1.60	1.53	1.56	2.04	2.37	3.16	2.07
Earnings per share											
(before g'will & unusual items)	c	37.63	42.72	44.36	35.95	37.33	45.05	61.14	75.48	100.08	137.87
Earnings per share											
(before g'will & unusual items)											
- attributable to members	c	37.56	42.06	45.08	35.81	38.25	45.14	61.24	75.37	100.17	137.13
Earnings per share											
(after g'will & unusual items)											
- attributable to members	c	35.09	39.04	57.34	29.81	30.50	36.84	84.11	76.84	114.56	147.81
Dividends per share	c	24.0	27.0	30.0	30.0	30.0	33.0	42.0	50.0	70.0	95.0
Return on average equity											
(before g'will & unusual items)	%	14.3	15.5	14.7	11.9	11.5	13.7	17.4	16.8	18.6	22.5
Return on average equity											
(after g'will & unusual items)	%	13.4	14.1	19.0	9.9	9.4	11.2	23.9	17.1	21.2	24.1
Net debt (debt - cash)	\$'000	22,624	48,166	84,876	83,251	85,783	94,040	73,171	85,680	88,907	191,466
Gearing ratio (net debt/ (net debt + total equity))	%	21.5	35.2	45.8	39.4	40.4	40.9	32.6	25.0	22.9	36.1
Interest cover (after tax before g'will & unusual items)	times	8.2	5.7	4.3	3.8	3.8	4.1	5.6	7.2	8.5	8.3
Interest cover	times	11.3	7.6	5.7	4.3	4.4	4.7	9.2	10.4	13.6	12.2
No. of Employees		1,057	1,409	1,684	2,165	2,306	2,400	3,090	4,268	4,863	6,854

(a) Following the issue of 559,131 shares

(b) On 1 July 1998, the balance of \$45.9 million in the Share Premium a/c (Reserves) was transferred to the Share Capital a/c.

(c) Following the issue of 560,171 shares

(d) Following the issue of 448,380 shares

(e) Following the issue of 7,278,595 shares

(f) Following the issue of 404,680 shares

(g) Following the issue of 888,141 shares

(h) Following the issue of 1,214,541 shares

(i) Following the issue of 9,723,228 shares (including 1:5 rights issue)

(j) Following the issue of 634,409 shares * 2005 figures restated to AIFRS

(k) Following the issue of 514,100 shares

PRINCIPAL OFFICES

Campbell Brothers Limited

Registered Head Office

Level 2, 299 Coronation Drive
Milton, Brisbane, Queensland 4064
Australia
Telephone: +61 7 3367 7900
Facsimile: +61 7 3367 8156
www.campbell.com.au

ALS Laboratory Group

Global Corporate Head Office

Level 2, 299 Coronation Drive
Milton, Brisbane, Queensland 4064
Australia
Telephone: +61 7 3367 7900
Facsimile: +61 7 3367 8156
www.alsglobal.com

ALS Regional Offices

AFRICA

3 Friesland Drive
Long Meadow Business Park South
Edenvale 1609, Gauteng,
Johannesburg
South Africa
Telephone: +27 11 608 0555
Facsimile: +27 11 608 3163

ASIA

14 Little Road #07-01 & #08-01
Tropical Industrial Building
Singapore 536987
Telephone: +65 6283 9268
Facsimile: +65 6283 9689

AUSTRALIA

32 Shand Street
Stafford, Queensland 4053
Telephone: +61 7 3243 7222
Facsimile: +61 7 3243 7218

EUROPE

Na Harfe 9/336
190 00 Prague 9
Czech Republic
Telephone: +420 284 081 507
Facsimile: +420 284 081 762

NORTH AMERICA

212 Brooksbank Avenue
North Vancouver BC V7J 2C1
Canada
Telephone: +1 604 984 0221
Facsimile: +1 604 984 0275

SOUTH AMERICA

Calle 1 Lt-1A Mz D, Esq. Con Calle A,
Urb. Industrial Bocanegra,
Callao 1, Lima, Peru
Telephone: +51 1 574 5700
Facsimile: +51 1 574 0721

Campbell Chemical

Cleantec

Head Office

32 Perivale Street, Darra
Brisbane, Queensland 4076
Telephone: +61 7 3710 3200
Facsimile: +61 7 3710 3210
www.cleantec.com.au

Deltrex Chemicals

7-11 Burr Court,
Laverton North, Melbourne,
Victoria 3026
Telephone: +61 3 9250 1000
Facsimile: +61 3 9250 1007
www.deltrex.com.au

Panamex Pacific

NEW ZEALAND

Head Office

Level 3, 52 Swanson Street
Auckland NZ
Telephone: +64 9 379 1440
Facsimile: +64 9 379 1449
www.panamex.co.nz

PAPUA NEW GUINEA

Panamex Pacific (PNG)

Ibis Street, Lae, Papua New Guinea
Telephone: 675 472 3566
Facsimile: 675 472 6604

UNITED STATES OF AMERICA

Panamex Pacific, Inc

620 East Washington Street, Suite 118
Petaluma, California 94952
Telephone: 707 766 9604
Facsimile: 707 766 9581

Reward Distribution Group

Head Office

85 Lawrence Drive,
Nerang, Gold Coast
Queensland 4211
Telephone: +61 7 5527 2518
Facsimile: +61 7 5527 4563
www.rewarddistribution.com.au

NEW ZEALAND

142 Neilson Street,
Onehunga, Auckland, New Zealand
Telephone: +64 9 634 0495
Facsimile: +64 9 634 0379
www.proclean.net.nz



**CAMPBELL BROTHERS
LIMITED**

ABN 92 009 657 489

Registered Office

Level 2, 299 Coronation Drive
Milton Qld 4064

Telephone: 61 7 3367 7900

Facsimile: 61 7 3367 8156

www.campbell.com.au

General Information

Directors

Geoff McGrath (Chairman)

Greg Kilmister (Managing Director)

Tony Love

Nerolie Withnall

Martin Kriewaldt

Ray Hill

Bruce Brown

Company Secretary

Tim Mullen

Auditors

KPMG

Solicitors

Minter Ellison Lawyers

Bankers

Westpac Banking Corporation

Commonwealth Bank of Australia

Citibank N.A., Sydney Branch

Australia and New Zealand Banking Group Limited

Share Registry

Computershare Investor Services Pty Limited

Level 19, CPA Building

307 Queen Street

Brisbane Qld 4000

Enquiries: 1300 552 270 (within Australia)

Telephone: 61 7 3237 2100

Facsimile: 61 7 3237 2152

www-au.computershare.com