

**CAMPBELL BROTHERS LIMITED**  
**ANNUAL REPORT**



**2009**



**CAMPBELL BROTHERS**  
**LIMITED**

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## FINANCIAL CALENDAR

### 2008/2009

Record Date for Final Dividend and DRP	12 June 2009
Final Dividend Paid	1 July 2009
Annual General Meeting	28 July 2009

### 2009/2010

Half-Year End	30 September 2009
Half-Year Results and Dividend Announced	24 November 2009
Record Date for Interim Dividend and DRP	3 December 2009
Interim Dividend Paid	16 December 2009

*Note: Dates subject to alteration*

**THE 58TH ANNUAL GENERAL MEETING  
OF CAMPBELL BROTHERS LIMITED WILL BE  
HELD AT 11.00AM ON 28 JULY 2009 AT THE  
SEBEL & CITIGATE KING GEORGE SQUARE,  
BRISBANE.**

# CAMPBELL BROTHERS LIMITED

## IS AN AUSTRALIAN DIVERSIFIED INDUSTRIAL SERVICES COMPANY WITH OPERATIONS AROUND THE GLOBE.

Listed on the Australian Securities Exchange since 1952, Campbell Brothers (ASX code: CPB) 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 and 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 19.6 percent, outperforming the benchmark All Ordinaries Accumulation Index's return of 6.1 percent over the same period.



# GLOBAL OPERATIONS



**EMPLOYS OVER  
6,000 STAFF  
WORLDWIDE**

**OPERATES FROM  
MORE THAN 148 SITES  
IN 41 COUNTRIES ON  
SIX CONTINENTS**



# 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.



## 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

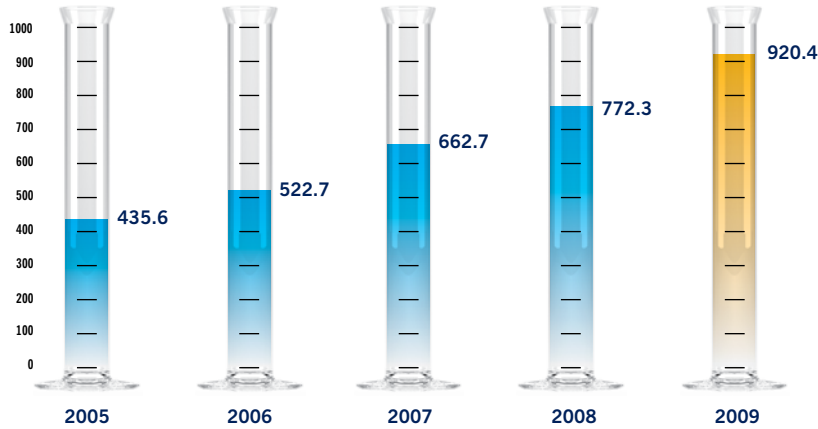
A major distributor of chemicals, paper, tableware, kitchenware and associated non-food consumables to the hospitality and institutional markets across Australia and New Zealand.



CAMPBELL BROTHERS LIMITED

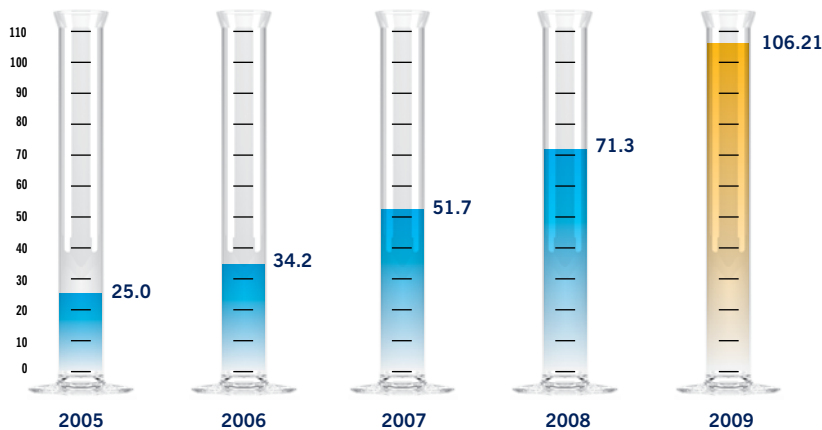
# FINANCIAL HIGHLIGHTS

## SALES REVENUE (\$m)



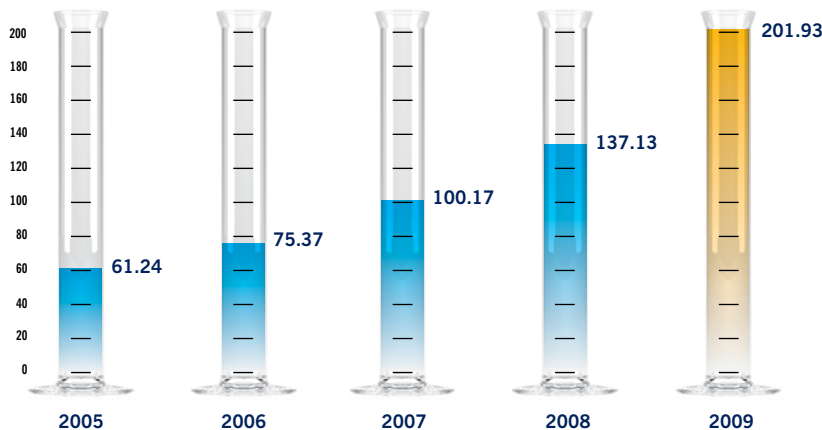
**SALES REVENUE  
UP 19.2% TO  
\$920.4 MILLION**

## NET PROFIT AFTER TAX (\$m)



**UNDERLYING  
PROFIT UP 49%  
TO \$106.21  
MILLION**

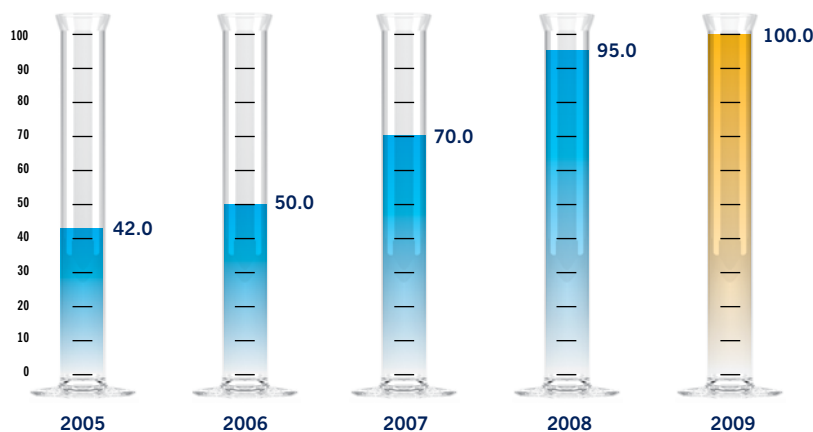
## EARNINGS PER SHARE (cents)



**EARNINGS PER  
SHARE UP 47.3%  
TO 201.93 CENTS**

**THE COMPANY WILL PAY A FINAL, PARTLY-FRANKED (50%) DIVIDEND FOR 2009 OF 50 CENTS PER SHARE (2008: 60 CENTS) AT THE 30% TAX RATE (2008: 30%). THE TOTAL DIVIDEND FOR THE YEAR WILL BE \$1.00 (2008: 95 CENTS).**

## DIVIDENDS PAID PER SHARE (cents)



**TOTAL DIVIDEND  
UP 5.3% TO \$1.00  
PER SHARE**

## YEAR AT A GLANCE

as at 31 March

	2009	2008
Sales revenue (\$m)	920.4	772.3
Net Profit after tax (excluding unusual items) (\$m)	106.21	71.3
Share capital (\$m)	242.7	223.1
Total equity (\$m)	413.1	338.2
Earnings per share (attributable to members/excluding unusual items) (cents)	201.93	137.13
Dividends per share (cents)	100.0	95.0
Net tangible asset backing per share (\$)	2.73	2.07
Gearing ratio (net debt/(net debt + total equity) (%)	33.7	36.1
Interest cover (times)	11.5	12.2

## SALES

Total sales revenue for the consolidated Group was \$920.4 million for 2009, a 19.2% increase on the \$772.3 million recorded in 2008.

The revenue generated by each division was as follows:

Division	2009 (\$m)	2008 (\$m)	Change %
ALS Laboratory Group	628.8	468.0	34.4
Campbell Chemicals	164.3	152.8	7.5
Reward Distribution	132.8	145.7	(8.9)

## PROFIT

Consolidated underlying net profit after tax (excluding unusual items) attributable to equity holders of the Company was \$106.21 million for 2009, an increase of 49% on the \$71.3 million achieved in 2008.

The profit contribution from ordinary activities (excluding unusual items), tax and corporate overheads for each division was as follows:

Division	2009 (\$m)	2008 (\$m)	Change %
ALS Laboratory Group	155.8	112.5	38.5
Campbell Chemicals	7.9	9.7	(18.1)
Reward Distribution	3.4	4.6	(25.8)

# HEALTH AND SAFETY

**CAMPBELL BROTHERS HAS SET ITSELF HIGH STANDARDS IN RELATION TO HEALTH, SAFETY AND ENVIRONMENTAL (HSE) MANAGEMENT. BEING AN EMPLOYEE OF CAMPBELL BROTHERS IS ABOUT CONSIDERING SAFETY FIRST. GLOBALLY, THE COMPANY IS COMMITTED TO A SAFE WORK CULTURE.**

## STANDARDS FOR HEALTH SAFETY AND ENVIRONMENT

The company imparts its safety and environmental values from the first day the employee commences work with the company and throughout their term as a valued employee. It does this by:

1. Induction;
2. Ongoing training;
3. Integration with day-to-day operations via a “safety first” program and quality management system; and
4. Auditing, reporting and review at all levels of the organisation.

In 2006/2007, as part of its global approach to safety, the company developed a corporate standard for managing HSE issues. The standard is a set of 19 goals that aims to provide a consistent set of requirements that each site must meet in addition to any local legislation that may be in place. During the year, all sites were compliant or mostly compliant with these minimum standards.

The standard requires businesses to manage key HSE issues by addressing the following:

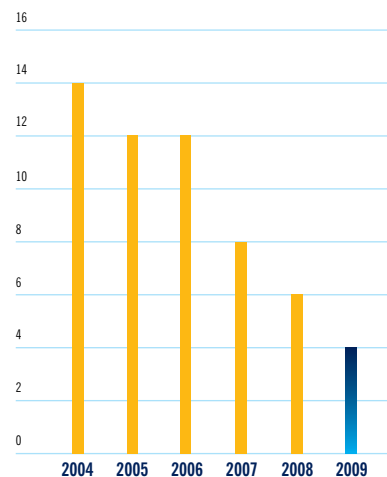
- Ensuring HSE resources are available;
- Ensuring managers are aware of their HSE responsibilities;
- Implementing a plan for managing injuries, incidents and site emergencies;
- Ensuring contractors work safely and do not harm the environment;
- Ensuring that key HSE information is available for all 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.

## HEALTH AND SAFETY PERFORMANCE

The most indicative figure of the health and safety performance of the Campbell Brothers 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.*

Campbell Brothers has continued to make outstanding improvements in its safety performance achieving an LTIFR of 4 for the 2008/2009 period (a 33% reduction from the preceding year). Divisions such as Reward Distribution have reduced their LTIFR from 19 to 4 during the year. Such a turnaround is a result of the general manager and business unit manager’s commitment to safety and their efforts to drive the safety message through to all employees. The graph illustrates the substantial improvements made in LTIFR for the Group over the past 6 years.



**GROUP LTIFR TREND**  
[ AS AT 31 MARCH ]

# PEOPLE

## ORGANISATIONAL DEVELOPMENT

**IN AN UNCERTAIN GLOBAL ECONOMY, INNOVATION AND TARGETED EXPENDITURE BECOME KEYSTONES TO SUCCESS IN PEOPLE INITIATIVES – THE OUTCOME - MAXIMISED PRODUCTIVITY AND REAL GROWTH IN EMPLOYEE ENGAGEMENT**

### ENHANCING PRODUCTIVITY AND EFFICIENCY FOR A SUSTAINABLE FUTURE

A number of projects throughout the year tackled the questions of process efficiency and streamlining. Such projects included two significant payroll integration and automation projects and a global review of all human resources related costs. Consequent consolidation of a number of external providers, together with better use of in-house skills has enabled us to make substantial cost savings with no loss in output.

Expanding the growth of our core skills, the competencies of our talent group and our key executives remains a priority and the Campbell Brothers Executive Profiling Campaign (EPC) roll out continued. Currently the EPC is underway in Australia, North America, Asia and South America with Africa and Europe versions planned for the 2009-10 financial year.

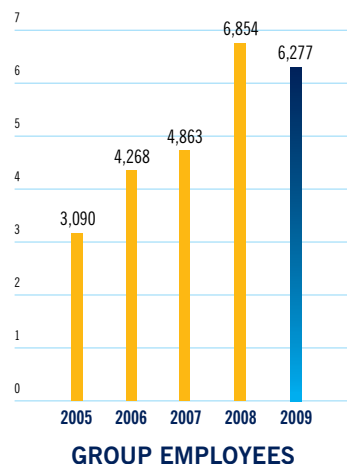
The program is fully contextualized to each region whilst maintaining key curriculum elements. It continues to deliver internal promotions and to improve the performance and retention of targeted executives. Succession plans are now in place globally for all key roles in the Group.

The EPC is an assessment, development and capability planning program that provides a database for our executive team to identify appropriately qualified and motivated resources for start ups, promotions and implanting into acquired companies.

Given the economic uncertainty, the program has also been comprehensively reviewed to ensure it adds value and the cost of development activities have been managed down via the inclusion of online learning. Additional modules that aim to provide skills for dealing with global uncertainty and fiscal responsiveness now feature more strongly in the program.

As the growth of the EPC program unites our global business, the reinforcement of our culture across regions and especially in acquired companies is an additional planned and positive element to the program.

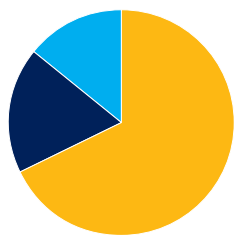
Campbell Brothers' people practices are thus well positioned to allow the Company to manage the next wave of growth and change.



# YEAR IN REVIEW

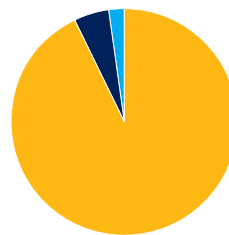


**THE NET PROFIT INCREASE WAS DUE TO THE STRONG PERFORMANCE OF THE ALS LABORATORY SERVICES BUSINESS WHICH EXPERIENCED GROWTH FROM BUOYANT MARKET CONDITIONS DURING THE FIRST HALF OF THE YEAR AND DEMONSTRATED THE BENEFITS OF THE SCALABILITY OF THE BUSINESS AND ITS GLOBAL FOOTPRINT.**



#### DIVISIONAL REVENUE

ALS LABORATORY GROUP	68%
CAMPBELL CHEMICALS	18%
REWARD DISTRIBUTION	14%



#### DIVISIONAL PROFIT

ALS LABORATORY GROUP	93%
CAMPBELL CHEMICALS	5%
REWARD DISTRIBUTION	2%

## FULL YEAR RESULT

Underlying net profit after tax attributable to members of the Company for the full year ended 31 March 2009 was \$106.21 million, a 49 per cent increase on the previous year.

Although the Company achieved record financial results for the year, the current downturn affecting economies around the world manifested itself in a slower final quarter for the Company.

During the year, the Company undertook cost cutting measures across all its businesses, reduced capital expenditure and downsized personnel in some operational areas.

Because of the diversity of its business segments and strong financial position, the Company is confident of emerging from the current economic downturn in a strong state, ready to take advantage of the expected recovery of the economy.

## OVERVIEW OF RESULT

Once again, the ALS Laboratory Group (ALS) delivered record performance in both revenue (up 34 percent) and profit contribution (up 38 percent) during the year. ALS now accounts for 68 percent and 93 percent respectively of total divisional revenue and profit.

Factors contributing to the result were increased capacity (arising from capital investment and business acquisitions over the past two years), strong market growth, and an emphasis on diversity of service offerings reinforced by the restructuring of the global ALS business along divisional lines in April 2008.

All service categories within ALS experienced growth in sales and contribution when compared with the previous year. Whilst the Minerals division of ALS saw some weakening in demand from October 2008 onwards, the Minerals division achieved a 26 percent increase in revenues for the full year when compared to the previous year.

The Company was also very pleased with the performance of the other major division of ALS, its Environmental division, which achieved a 25 percent increase in revenue for the year and continues to grow in the current economic environment. The smaller divisions of Coal, Tribology and Food also posted very strong revenue growth.

The Chemicals Division experienced reduced profitability during the year despite posting improved revenue in both the Industrial Chemical and Panamex Pacific businesses.

Tighter margins in Industrial Chemical manufacturing were offset to some degree by high demand for its imported raw chemical products and a disciplined approach to the management of overheads. Panamex Pacific returned a mixed performance across its operations - including the Pacific Islands, USA and PNG - all of which are being affected in different ways by the slowdown in the world economy.

The Reward Distribution Group returned reduced levels of revenue and contribution during the year, suffering from the general softening in tourism and hospitality markets. Revenues also fell as the division moved away from less profitable customer segments in order to focus on more attractive areas.

## KEY EXPANSION ACTIVITIES DURING THE YEAR

The Group continued its strategy of business expansion and diversification in laboratory testing services, with the acquisitions of:

- Staveley Services North America, Inc., a leading USA fluid analysis group;
- IQA Laboratory Co. Ltd, the premier food/environmental technology laboratory in Thailand; and
- DataChem Laboratories, an environmental analytical laboratory group based in the USA.

## OUTLOOK FOR YEAR AHEAD

Markets for the Company's services remain uncertain, being affected by seasonal changes as well as the financial downturn. However, the Board is confident that the Company's business model will allow an effective scaling of its operations in line with expected market conditions.

ALS remains committed to positioning all of its divisions to take advantage of opportunities as and wherever they arise across the world as evidenced by acquisitions in the food, environmental and fluid analysis sectors during the past year.

The Chemical division's business units will continue to concentrate on delivering superior levels of service to new and existing customers to provide a point of differentiation in increasingly challenging business conditions.

The Reward Distribution business will remain focused on rationalising products, warehousing, distribution, and administrative costs, along with significant effort directed at business development initiatives into new market segments and sales growth.



# LABORATORY 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
- OPERATES MORE THAN 131 LABORATORIES IN 39 COUNTRIES ACROSS AUSTRALIA, AFRICA, ASIA, NORTH AMERICA, SOUTH AMERICA AND EUROPE

**EMPLOYS  
APPROXIMATELY  
5,000 STAFF  
WORLDWIDE**

**PROCESSES MORE  
THAN 10 MILLION  
SAMPLES PER YEAR**

## OVERVIEW OF THE YEAR

Once again, ALS delivered record performance in both revenue and profit contribution during the year ended 31 March 2009. ALS now accounts for 68 percent and 93 percent respectively of total divisional revenue and profit of the Company.

Factors contributing to the result were increased capacity (arising from capital investment and business acquisitions over the past two years), strong market growth, and an emphasis on diversity of service offerings reinforced by the restructuring of the global ALS business along divisional lines in April 2008.

All service categories within ALS experienced growth in sales and contribution when compared with the previous year. Whilst the Minerals division of ALS saw some weakening in demand from October 2008 onwards, the Minerals division achieved a 26 percent increase in revenues for the full year when compared to the previous year.

The performance of ALS other major division, Environmental, achieved a 25 percent increase in revenue for the year and continues to grow in the current economic environment. The smaller divisions of Coal, Tribology and Food also posted very strong revenue growth.

# THE ALS LABORATORY GROUP (ALS) 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.



**REVENUE UP 34%**  
**PROFIT UP 38%**



ALS continued its strategy of business expansion and diversification in laboratory testing services via the acquisition during the year of Staveley Services, a leading USA fluid analysis group; IQA Laboratory Co. Ltd, the premier food / environmental technology laboratory in Thailand; and DataChem Laboratories, an environmental analytical laboratory group based in the USA.

## YEAR AHEAD

Testing services markets are somewhat unpredictable in the short-term due to the current economic climate, particularly so in the Minerals division.

The flexible structures and systems supporting the ALS Group's global laboratory network have enabled the business to manage the impact of reduced sample flows in recent months.

ALS remains committed to positioning all of its divisions to take advantage of opportunities as and wherever they arise across the world as evidenced by acquisitions in the food, environmental and fluid analysis sectors during the past year.



# LABORATORY SERVICES

## OVERVIEW OF ALS BUSINESS DIVISIONS



### MINERALS DIVISION

ALS Minerals 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, drill cuttings and core samples.

The Minerals Division also provides onsite laboratory facilities, management and personnel to support mine grade control, exploration, mill process control and environmental monitoring.

### ENVIRONMENTAL DIVISION

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

The Division provides analysis in support of a wide range of projects including:

- Environmental baseline and compliance monitoring programs;
- Site assessment and remediation;
- Water quality catchment monitoring;
- Specialist sediment analysis;
- Occupational hygiene;
- Waste characterization and classification;
- Air quality monitoring analysis; and
- Other disciplines requiring a sophisticated analytical approach.

### COAL DIVISION

ALS Coal provides a full range of coal sampling and testing services including borehole core, production and transportation coal analysis, quality certification for export (superintending) as well as coal preparation, carbonisation and combustion services via utilisation of pilot scale plants. The Coal Division currently has operations in Australia, Africa and Canada and is able to service the global needs of multinational clients.

The services are provided via a number of integrated companies:

ACIRL - is Australia's leading coal borecore, production, plant audit and consulting service provider.

ACTest - offers quality certification services for export cargoes (superintending).

MineSkill - is a registered training organisation which provides a range of competency-based training courses to the coal industry.

WITLab - specialising in coal testing and analysis in the African region, including quality management, the full range of coal sampling and analysis services, plant audits, gas analysis and operator training.

### TRIBOLOGY DIVISION

ALS Tribology provides preventative maintenance oil analysis and diagnostic programs to engine and equipment manufacturers and distributors; oil, mining, construction and transportation companies; and government departments.

The Division aims to work closely with all of its distributors and customers in helping to develop and implement comprehensive lubricating oil condition monitoring strategies tailored to their needs.

### OTHER LABORATORY SERVICES

In addition to the services provided by ALS' four main divisions, other laboratory services include:

- **Food/Pharmaceutical** - providing a testing service specifically tailored to clients producing, dispatching or importing foods; pharmaceutical and nutraceutical manufacturers and raw material suppliers; suppliers and manufacturers of sterile goods and the producers of veterinary products.
- **Electronics and Consumer Services** - providing extensive testing services for the manufacture and maintenance of computer hard disk drives, and the determination of undesirable microcontaminants.

# OVERVIEW OF ACTIVITIES



## MINERALS DIVISION

Minerals experienced strong year on year revenue growth in all regions during 2008/09. However, late in calendar 2008 commodity prices declined sharply, which resulted in some cut backs by mining companies. As a result, somewhat weaker conditions became evident during the last quarter of the fiscal year, with some regions being more affected than others.

Growth during the year was strong with all regions contributing positively to an overall 26 percent increase in revenue and a 31 percent increase in profitability. Due to an aggressive geographic expansion program over the last few years, revenues from all four operating regions (Africa/Europe, Australia/Asia, North America and South America) are now equalizing, thereby making the Division less vulnerable to regional variations in workflow.

Capacity limitations were addressed throughout the year and in all regions. Major laboratory expansion projects were undertaken in the primary hub laboratories in Vancouver, Lima, Perth and Johannesburg, while numerous smaller laboratories were also upgraded in order to match capacity with the increasing market demand.

### Developments during 2008/09

- In North America, construction continued on a new 13,000 m<sup>2</sup> laboratory in Vancouver, Canada. This state-of-the-art facility is likely the highest capacity geo-analytical laboratory in the world, capable of processing more than 100,000 samples per week. Construction is now essentially complete and move-in has commenced. A new sample preparation facility was opened in Yellowknife to service the far North region of Canada, while the Reno laboratory was relocated to a large new facility in order to be able to better serve US clients.
- In South America, a new preparation facility was established in Bogota (Colombia) and the Lima laboratory capability was increased with the installation of a new XRF department that will service the needs for the ferrous and non-ferrous industry in South America.
- In the Australia/Asia/Russia region, the Townsville laboratory was relocated to a much higher capacity new facility and a new sample preparation facility was opened in Suva (Fiji). The Perth hub laboratory expansion project continued with the installation of robotic fusion equipment to serve the XRF department.

Robotic sample preparation equipment has also been installed and is currently being tested. Expansion of the network of sample preparation facilities in China continued with the opening of a new facility in Huhehot in order to feed more samples into the Guangzhou-based China hub laboratory, while also entering into a joint venture arrangement in New Caledonia where ALS took a controlling 60 percent interest in an XRF facility that will service the nickel mines in that country.

- In Africa/Europe, ALS continued its aggressive expansion strategy in Europe by acquiring a sample preparation facility in Finland. A new facility was also opened in Seville, Spain. In Africa, the size of the Johannesburg hub laboratory was doubled and continued to deliver many mobile sample preparation facilities to projects throughout Africa. New large mine laboratories are now being operated by ALS in Namibia and Norway and a number of other similar projects continue to drive growth in this region.
- The globalization of ALS's mineralogy service, which is anchored in Brisbane by a joint venture with JK Tech Pty Ltd, has resulted in the opening of new automated SEM-based mineralogy departments in Johannesburg and Lima, while the Vancouver laboratory will be offering this service as soon as the move into the new facility has been completed in mid 2009.

### Future Developments

The Division is currently in the process of establishing a significant presence in Saudi Arabia and will be expanding its web-based client interface to improve the already industry-leading electronic interface to its global client base. The Division will also be looking at expanding its market share further through innovative new service offerings and potential acquisitions.

### Outlook for 2009/10

The uncertainty generated because of the global economic crisis makes it difficult to make accurate predictions about future growth. However, commodity prices have started to increase while gold continues to be a very attractive target for exploration companies. As such, it is expected that mining and exploration companies will review their expenditures upwards if market conditions continue to improve.

# LABORATORY SERVICES

## OVERVIEW OF ACTIVITIES



### ENVIRONMENTAL DIVISION

#### ALS ENVIRONMENTAL - Aust / Asia / Europe

Each of the sub-regions recorded growth during 2008/09. The Australian business realised growth through market segment diversification, whereas the Asian region was influenced by the acquisition of IQA Laboratory Co. in Thailand and also strong growth in Singapore. For the European region, it was the internal focus - particularly with regard to systems and process engineering, that improved margin from moderate revenue growth.

#### Developments during 2008/09

- Acquisition of IQA Laboratory Co. in Thailand for AUD9 million.
- LC/MS/MS services introduced into Australia, Asia and Europe.
- Laboratory in Finland established.
- Focus on ultra-trace nutrients, waste characterisation and specialist sediment analysis.
- Commenced development of next generation Laboratory Information Management System (LIMS).
- Development of a food quality service in Hong Kong.
- Expansion of Australian and Singapore Food Division to include LC/MS/MS services.
- Development of food analytical services in Prague (Czech Republic).

#### Outlook for 2009/10

The year ahead will be characterised by a continued focus on new and developing market opportunities and further fine tuning of external processes.

The Australian business will continue to target sustainable industries (e.g. energy, water) and infrastructure projects (e.g. ports and roads), thereby reducing the impact of fluctuations in the property (contaminated site) market.

The Food Services Laboratories in Hong Kong, Thailand, Singapore, Melbourne and Prague will be further developed.

Region wide capabilities in Air/Stack Monitoring and Food Analysis throughout Asia will be collaboratively packaged and marketed.

The European business development team will further the market penetration of the world class and unique specialist ultratrace metal testing services offered by Lulea Laboratory in Sweden.

Formal implementation of balanced scorecard style management across the region will facilitate the fine tuning of internal processes - maximising efficiencies and minimising operating costs.

#### ALS ENVIRONMENTAL - North America

North America profitability was impacted by restructuring costs in Canada and integration costs relating to the DataChem acquisition.

#### Developments during 2008/09

- The new 3,000m<sup>2</sup> trace pesticide laboratory in Edmonton is close to completion.
- Business strategy for broader geographic coverage in the USA accomplished with acquisition of DataChem Laboratory group for US\$11 million.

#### Outlook for 2009/10

Significant attention to improving operational efficiencies and cost cutting will lead to improved profitability across the region, with growth to come from new market segments such as government programs and the oil and gas industry.



## COAL DIVISION

The 2008-09 year was a year of record growth and achievement for the division. The Australian Coal operations (ACIRL and ACTest) grew by a solid 18 percent year-on-year and the South African Coal operations (Witlab and Carolab) achieved a 100 percent increase in local currency revenue. Truly spectacular performances when considering the last six months of global economic contraction and the physical space constraints faced by several of the larger sites.

While the ultimate extent of the global economic crisis on ALS Coal remains unclear, the business has anticipated the downturn and implemented structural changes to best absorb the impact. Since November 2008, operations have been actively rationalising staff numbers, overtime provisions and looking for innovative ways to reduce operating costs and redeploy capital without prematurely or inadvertently impacting on capacity. Targeting new markets such as Canada, the USA and Mozambique will assist in maintaining ALS Coal's revenue and EBIT and set the foundations for future growth.

ALS Coal now has a significant share in every market in which it is represented.

### Developments during 2008/09

- New laboratories were opened in Gladstone and Newcastle (Australia) and Springs (South Africa).
- The new borecore and carbonisation facility in Richmond, Canada will be operational from June 2009.
- Development commenced on a new AUD 5 million hub lab in Witbank, South Africa.
- New global Laboratory Information Management System (LIMS) started rollout in February 2009.
- Client web interface (Webtrieve) under development.

### Outlook for 2009/10

Although the Coal Division has positioned itself well, invested heavily in its businesses while developing very

strong relationships with its customers, the decline in world demand for commodities is having an impact on world demand for analytical services and this will inevitably put pressure on the division.

Cost-competitiveness will be the key enabler for the ALS Coal business going forward and will require commitment and focus, as well as achieving economies of scale with new facilities.

## TRIBOLOGY

ALS Tribology benefitted from global contracts, along with benefits from Laboratory Information Management Systems (LIMS) enhancements and increased sample volumes.

### Developments during 2008/09

- On a regional basis, Australia was affected by the downturn in its industrial, transportation and mining customers, offset by global contract work and increased market share in Australia and New Zealand.
- North America was impacted by the integration of the Staveley Services Fluid Analysis (SSFA) business into the global ALS Tribology operation but continues to identify business development opportunities which leverage off the Tribology Division's current expertise and global client relationships.
- The South American region saw growth in business, with an increased commitment and sample flow from a large customer, along with improved processing efficiency.

### Outlook for 2009/10

Improve market share in all regions by introducing value-added services eg. training courses, introduction of local language versions of the Webtrieve client Internet access program to provide some unique competitive advantages.

Seek acquisition opportunities in the United Kingdom to service the sophisticated Western Europe market and grow market share in Europe, as well as provide local support for the Prague Tribology laboratory.

# 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.

## CAMPBELL CHEMICALS EMPLOYS OVER 400 PEOPLE



The main business units within Campbell Chemicals are:

- Cleantec Food Hygiene Systems (FHS)
- Cleantec Commercial Textile & Hygiene Systems [merger of Commercial Hygiene Systems and Cleantec Laundry Systems]
- Panamex Pacific
- Deltrex Chemicals

### OVERVIEW OF THE YEAR

The Chemicals division experienced reduced profitability during the year to 31 March 2009 despite posting improved revenue in both the Industrial Chemical and Panamex Pacific businesses.

Tighter margins in Industrial Chemical manufacturing were offset to some degree by high demand for its imported raw chemical products and a disciplined approach to the management of overheads. Panamex Pacific returned a mixed performance across the Pacific Islands, USA and PNG all of which are being affected in different ways by the slowdown in the world economy.

Both business units will continue to concentrate on delivering superior levels of service to new and existing customers to provide a point of differentiation in increasingly challenging business conditions.

Review of business units as follows:

### CLEANTEC FHS

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

The business was impacted by the increase in raw material costs and an inability to fully recover the movements in such increased costs with customers. However, although 2008/09 has been a very tough year, there were some very good achievements, namely:

- The business grew sales by 16.3 percent, which is an excellent effort especially as the market leader. This will stand the business in good stead when the current economic climate cools off.
- The Engineering business, usually considered a loss leader or purely recovery only, for the first time made a positive recovery overall.

- Victoria achieved revenue growth of 25 percent in dairy farm products.
- Queensland achieved record sales.

### Outlook for 2009/10

Cleantec FHS expects increased sales growth during the year from water treatment and other new business segments as well as some margin recovery from the easing of commodity prices from June 2009.

### CLEANTEC COMMERCIAL TEXTILE & HYGIENE SYSTEMS

*Cleantec Commercial Textile & Hygiene Systems was formed during 2008/09 from the merger of Cleantec CHS and Laundry Systems, to service the cleaning and sanitising needs of the healthcare, hospitality and building services industries throughout Australia, New Zealand and the Pacific Islands, as well as providing a range of services to commercial laundries from equipment through to chemicals.*

The business performed below par due to the heavy reliance on distributor based business, which almost solely align with the hospitality sector and is particularly amplified under the current economic circumstances with domestic and business spending contraction.

A systematic review of cost drivers has been undertaken, resulting in efficiency gains in chemical programs that will be enjoyed on existing and future businesses.

### Outlook for 2009/10

The synergistic benefits of a combined CHS and CLS business to be realised.

Focus on business process improvement and results delivery.

Corporate account development to be a key business focus with resources directed towards this outcome, expressly in the institution and health market segments.

Critical review of overall chemical dispensing technologies and product differentiation.

# THE GROUP OPERATES ACROSS A RANGE OF INDUSTRIES FROM FOOD AND BEVERAGE PROCESSING, HEALTHCARE AND HOSPITALITY TO CONSUMER GOODS, COMMERCIAL CLEANING, LAUNDRY AND AGRICULTURE.



**OPERATES OFFICES THROUGHOUT AUSTRALIA, NEW ZEALAND, NORTH AMERICA AND THE SOUTH PACIFIC**



## PANAMEX PACIFIC

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

The year ended 31 March 2009 was one of challenging trading conditions throughout the Pacific region, although there was an increase in market share and brand development, along with expansion of new agencies, including penetrating into the French territories.

In PNG, the business's largest single market, consumer activity remained strong despite the current economic downturn.

Purchasing and efficiency gains in manufacturing saw margins and output increase on matches and soap.

The oil filling line was sold and manufacturing space reclaimed for warehouse storage.

### Outlook for 2009/10

Panamex PNG to consolidate growth in market share with marketing strategies and supply chain efficiencies becoming significant differentiators.

Panamex NZ to achieve conservative growth as markets start to feel the impact of the global economic downturn.

Western Samoa will see a more direct sales presence to enhance brand representation in this large market.

Economic conditions in American Samoa will tighten later in the year as local canneries (the major local employers) shed staff or close completely in response to legislated labour cost increases.

Panamex USA will have a low contribution year due to low cocoa bean sales. While alternatives are being sought the development time frame potential extends beyond this year.

## DELTRIX 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.*

Deltrex experienced a very strong performance during the year, benefitting from an underlying improvement in chemical pricing as well as a strong agricultural sector, along with a focus on higher margin products and an increase in market share.

Contribution for the financial year ended 31 March 2009 was up 109 percent on last year - a record result for Deltrex - achieved on the back of significant increases in sales and margins while containing costs.

There was a focus on reducing high cost inventory along with maintaining a heightened attention to debtors given the current economic situation.

The Adelaide manufacturing plant was closed in November 2008 upon lease expiry, with the Melbourne operations team absorbing the additional production of Cleantec products to service the South Australian market.

### Outlook for 2009/10

Deltrex is focusing on a number of productivity measures to be put in place or are in varying stages of implementation aimed at cost reductions in freight and other savings.

A variety of new products to support new business and additional specialty products not previously manufactured for Deltrex are also currently being introduced into the range of products regularly manufactured to expand the range.

Alternative supply sources to China are being investigated, along with the ability to respond rapidly to changes in market dynamics, which is seen as a critical success factor for this business.

# REWARD DISTRIBUTION

## OVERVIEW OF THE YEAR

The Reward Distribution Group returned reduced levels of revenue and contribution during the year ended 31 March 2009, suffering from the general softening in tourism and hospitality markets which were impacted by the global economic downturn. Revenues also fell as the division moved away from less profitable customer segments in order to focus on more attractive areas.

Whilst efforts remain focused on rationalising products, warehousing, distribution, and administrative costs, significant effort has also been directed at business development initiatives into new market segments and sales growth.

Restructuring initiatives were implemented during the year to deal with the economic downturn, including closing a number of warehouses in regional Victoria, dealing with obsolete and slow moving stock, stock rationalisation (reducing stock units from 38,000 to 28,000) and improving customer service.

In line with the economic downturn, there was a reduction in the labour base across the Reward Group.

Inventory management has been a priority over the past year, with the business striving to ensure that compliance and discipline is integrated in everything that is done in the future. Over the past 12 months the business has established Key Performance Indicators (KPIs) for all its purchasing departments, with all purchasing managers given defined targets.

In 2008/09 the business improved its focus on safety and management and managed to achieve a significant reduction in its Lost Time Injury rate (LTIs) across the business. The business is striving to further reduce this rate in 2009/10 and this includes setting a safety KPI for each corporate manager and middle level supervisors. Increased levels of accountability and strict guidelines upheld and monitored by the Human Resources, HSE Department and executive team will ensure that the business continues to deliver safety improvements.

Sales processes have also improved significantly over the past 12 months. Sales category data is monitored on a weekly basis. In 2009/10 all sites will be under pressure to ensure that their product sales mix is in line with a balanced sales strategy. The structure of the sales force in these locations has been re-designed to encourage this shift. We are continuing to analyse, redesign and redirect our sales force in to those areas which we believe will weather the downturn with the least amount of disruption.

In 2009/10, all operational managers will be required to report to the General Manager once a month on various metrics of their business. Where indications show deterioration in the metric, action will be taken.

Throughout the group, employee productivity is improving. People are becoming better skilled in delegation, time management and avoidance of unnecessary complexity. Whilst improvements have been made in this area, performance management and accountability of staff at all levels are the key focus for 2009/10.

All expense categories continue to be under tight cost controls. As well, the business has focussed on maximising cash flow by enforcing payment terms and stretching suppliers' terms where possible.

A fair portion of time was spent over the past year re-establishing the Reward Distribution brand as a true national provider into the market. The Supplier Partnership Program carried out during the year was acknowledged as beneficial to both suppliers and the business, and was helpful in raising the Reward Distribution profile group-wide.

There has been an upgrade to Information Technology so as to provide up to date, relevant reports for the business. The Reward website is to be enhanced with added features such as campaigns, promotions and clearance functions. This will enable Reward Distribution to link print promotions and clearance products with on-line executions, driving more customers to the Reward website.

**REWARD**  
DISTRIBUTION  
*Local Service - National Strength*

# THE REWARD DISTRIBUTION GROUP SUPPLIES NON-FOOD CONSUMABLES TO HOTELS, HOSPITALS, RESTAURANTS, FAST FOOD CHAINS, FIVE-STAR HOTELS, NURSING HOMES, SPORTING CLUBS AND THE RETAIL LEISURE SECTOR.



SIGNIFICANT EFFORT HAS BEEN DIRECTED AT BUSINESS DEVELOPMENT INITIATIVES INTO NEW MARKET SEGMENTS AND SALES GROWTH.



## OUTLOOK FOR 2009/10

There will be a focus on higher margin market segments, such as the health sector. Increased revenue is expected through competitors exiting the market and gains in market share through an improved purchasing and service offering, along with further development of internal systems and greater use of technology.

A new centralised warehouse and administration centre at Yatala (South East Qld) will be in place by September 2009 to replace the Brisbane and Gold Coast warehouses/administration centres. The move to Yatala will reduce manning and freight costs significantly, whilst supporting improved purchasing practices.



# DIRECTORS

## **GEOFFREY J MCGRATH** MIE.

### **Chairman and Independent Non-Executive Director Age 67**

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 53**

Mr Kilmister was appointed Managing Director and Chief Executive Officer of Campbell Brothers effective 1 September 2005. He 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 62**

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). He was previously a director of Bank of Queensland Limited (June 1995 – December 2008). He is a member of the Remuneration Committee.

## **NEROLIE WITHNALL**

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

### **Independent Non-Executive Director Age 65**

Mrs Withnall was appointed a director of Campbell Brothers in 1994. She is a director of PanAust Limited (appointed May 1996), Alchemia Limited (appointed Oct 2003), Hedley Leisure and Gaming Property Partners Limited (appointed June 2007) and Computershare Limited (appointed July 2008). She was previously a director of QM Technologies Limited (Sept 2003 – April 2008) and the Major Sports Facilities Authority. She is member of the Takeovers Panel, the Corporations and Markets Advisory Committee and the Senate of the University of Queensland and a former 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.

## **RAYMOND G HILL** F.A.I.C.D.

### **Independent Non-Executive Director Age 67**

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.

## **MARTIN D KRIEVALDT**

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

### **Independent Non-Executive Director Age 59**

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 Macarthur Coal Limited (appointed October 2008), BrisConnections Management Company Limited (appointed October 2008), Suncorp-Metway Ltd (appointed Dec 1996), Oil Search Limited (appointed April 2002) and Impedimed Limited (appointed March 2005). He was previously a director of Peptech Limited (October 2003 - August 2007) and GWA International Limited (1992 - October 2008). He is a member of the Audit and Compliance Committee and the Remuneration Committee.

## **BRUCE R BROWN**

B. Com., A.A.U.Q.

### **Independent Non-Executive Director Age 64**

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 (December 2005 – November 2007).

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



# GROUP MANAGEMENT

## CAMPBELL BROTHERS LIMITED

### RICHARD STEPHENS B Com, CA

#### 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, FCLA

#### 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 PUTTERS (nee 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. Susan is responsible for workforce planning, human resources and remuneration strategy for the Campbell Group. Key areas of focus currently include organisational development, acceleration of talent and culture perpetuation. Susan also manages the Australasian IT and industrial relations teams. She has extensive global human resources leadership experience having previously held the roles of Executive Director – HR/Corporate Policy with WorleyParsons and HR Director with MacDonnells Law.

## ALS LABORATORY GROUP

### BRUCE MCDONALD MBA (Hons), M Sc

(Geology), B Sc (Hons) (Geology)

#### Executive Vice President, Minerals Division

Bruce was appointed Group Executive Vice President, Minerals Division effective 1 April 2009, assuming the role from Henk Blok upon his retirement from the group. Bruce is responsible for the strategic management of the ALS Group's global Minerals Division. He was previously Vice President, North America, Minerals

Division, responsible for management of the ALS Group mineral operations in North America, based in Vancouver. He has extensive experience in geology, mining, finance, strategic planning and management, having previously worked in the mining and smelting industries throughout North America and Australia for large, global companies. He is a member of the Association of Professional Engineers and Geoscientists of British Columbia.

### BRIAN WILLIAMS B Sc (Aust Environmental Studies), Grad Dip Mgmt (Gen Mgmt), RAC

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

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

### RAJ NARAN B Sc (Chemistry), B A (Mathematics)

#### Executive 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' global Coal Division. He has 23 years of coal and industry-related experience. Paul was CEO of ACIRL prior to ALS' 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' 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 eight 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.

## RETIREMENT

Henk Blok retired from the group effective 1 April 2009. Henk was 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.

# CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

## 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](http://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 the Managing Director, Mr Greg Kilmister, to be 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; and
- the relevant director does not receive any segment of the Board papers or other documents in which there is any reference to the matter.

Previously, Mr Bruce Brown was deemed not to be an independent director. It has been more than three years since 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 now meets the definition of an independent director as outlined in the ASX guidelines.

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

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

#### 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.

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2009

### 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 Securities 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 Securities 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.

The policy was updated in September 2008 to include provisions which prohibit directors and executives entering into any hedging arrangement in relation to any unvested securities of the Company as well as the requirement to disclose to the Board any securities in the Company that are held as security in a margin loan

arrangement so as to assess whether the margin loan arrangement is material and requiring disclosure to the market.

The updated Securities 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 people as may be appropriate from time to time. The number of meetings of the Committee held during the year is 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.

The Audit partner was 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.

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2009

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 (ASX) 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.

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.

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2009

### 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 reviewing and recommending compensation arrangements for the directors, the chief executive officer and the senior management 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 management team. Executives, other than the non-executive directors, are given the opportunity to receive their base remuneration in the form of cash and non-cash benefits. 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 \$599,500 per annum (comprising \$550,000 fees plus Superannuation Guarantee of 9%), which was last approved by shareholders at the 2006 AGM. At the 2009 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 2009.

#### 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-based plans

The Remuneration Committee is responsible for reviewing recommendations with respect to issues or grants under the Company's share-based plans. Directors approve issues or grants under the plans only after being satisfied that this is in accordance with the terms of shareholders' approval.

#### Employee Share Plan

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 Plan

Shareholders approved the Company's Long Term Incentive Plan (LTIP) at the 2008 AGM, effective for the initial three year period commencing 1 April 2008. Under the plan, key employees may be granted conditional performance rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases, to receive cash-settled awards). During the year, there were 44,538 Performance Rights granted under the Company's LTIP, of which 7,388 Performance Rights were granted to the Managing Director, Mr Greg Kilmister in accordance with terms approved at the 2008 AGM.

# CORPORATE SOCIAL RESPONSIBILITY

## CAMPBELL BROTHERS ACKNOWLEDGES THE IMPORTANCE OF ENVIRONMENTAL SUSTAINABILITY AND THE CRITICAL ROLE BUSINESS CAN PLAY IN MANAGING ITS IMPACT ON THE ENVIRONMENT AND ITS FUTURE.

### ENVIRONMENTAL SUSTAINABILITY

Campbell Brothers is involved in an array of environmental initiatives aimed at ensuring its businesses are adopting sustainable practices. Initiatives of note include water efficiency projects, waste management reviews, and energy consumption audits.

### WATER EFFICIENCY MANAGEMENT

Key sites that were identified as high water users have implemented a water efficiency management plan and a team approach was adopted to consider practical water saving options. One example of water efficiency plans in action is the sample preparation facilities for bauxite screening at the ALS Laboratory Group operations in Brisbane. Innovative waste water capture measures were implemented which allowed for sediment control and collection, improving waste water quality to a degree where it could be reused in the washing process. The estimated saving is approximately 9 megalitres a year, the equivalent to the supply of water to 50 residential houses per annum.

### WASTE MANAGEMENT

Waste minimization programs were rolled out across the group, with notable success by the Australian environmental services business of the ALS Laboratory Services division. The environmental testing division introduced a new 500mL glass sample bottle for its clients, previously being a 1L sized bottle. After implementing improved sensitivity of their analytical instruments, less sample volume per analytical test was required. Halving the sample bottle size has resulted in reductions in glass usage/wastage, freight cartage, solvent use for cleaning and associated discharges, along with the benefits of less pressure on refrigerated storage areas, reduced freight costs for the client, and an overall reduction in the ALS "carbon footprint". Across the environmental division in Australia for a 12 month period, this has meant a saving of 104,000kg of glass, a reduction in freight weight by 36,400kg, and the elimination of solvent waste by 4,700 litres.

The management of regulated lead waste by the minerals testing division of the ALS Laboratory Services division has been another success story. The minerals testing business consulted with one of its major mining clients to implement a process where the primary waste from fire assay, lead cupels\*, is used as an additive material in gold processing plants, resulting in enhanced gold recoveries. The Department of Environment and Conservation reviewed and approved the process which enhances not only the economics of certain gold processing plants, but also provides an environmentally favourable option for the reuse of lead waste. The mining companies use the lead cupels in their smelting operations instead of purchasing lead in a "win-win" situation, and saves approximately 20m<sup>3</sup> of lead cupel waste going to land fill each month.

*\* Cupels are clay containers used in the analysis of gold in a testing process known as fire assay.*

### CLIMATE CHANGE

The threat of climate change is now a social and environmental reality. Campbell Brothers is focused on reducing its overall "carbon footprint" and has initiated a carbon emission reduction program across all Campbell Group businesses. Company management doesn't perceive carbon reduction as an impost on the business but rather as an opportunity to implement more efficient energy use practices that will result in savings to the business. The company has commenced this program by undertaking Level 1 energy audits, which involved the mapping of overall energy usage on each group site location. The program has a staged approach planned to ensure energy reduction/efficiency strategies on selected pilot sites are trialled to ensure the strategies are sustainable and in turn can be implemented globally.

# CAMPBELL BROTHERS IS COMMITTED TO PLAYING ITS PART IN ENSURING THAT ITS GROUP BUSINESSES ARE ACTIVELY INVOLVED IN THE COMMUNITIES IN WHICH THEY OPERATE.



THE COMPANY'S EFFORTS IN COMMUNITY ACTIVITIES EXTEND BEYOND RESPONDING IN TIMES OF EMERGENCY.



## SUPPORTING THE COMMUNITY

Campbell Brothers sees its group businesses as working within a wider community and as such strives to be socially aware and community minded. Natural disasters have a way of testing the fabric of society. Campbell Brothers, with its global operations, has been exposed to natural disasters in the form of Hurricane Ike affecting the Gulf Coast of Texas and the floods in the Mekong delta. Campbell Brothers' businesses, and moreover staff, responded to community needs in both these disasters admirably; donating money, time and resources in helping their neighbours in testing times. On August 14, 2008 the Mekong River in Vientiane flooded above the levels seen during the famous 1923 flood. In order to save homes from being deluged it was "all hands on deck" at ALS Laboratory Group to sandbag the city.

In each instance where a local Campbell Brothers group office has responded to a community need, the wider Campbell group has been made aware of the impact to the community and have generously responded to those in need.

Campbell Brothers promotes these socially minded activities through its "Global Scene" publication in an effort not only to recognize this good work but to encourage others in the Campbell Brothers group.

The Company's efforts in community activities also extend beyond responding in times of emergencies. The group's businesses across the globe are often engaged in ongoing community support, ranging from painting local schools and donating school needs, to organizing blood donations.



# FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2009

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# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 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 2009 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** M.I.E.

**GREG F KILMISTER** B. Sc. (Hons), F.R.A.C.I., M.A.I.G.

**ANTONY J LOVE** B. Com., A.A.U.Q., F.A.P.I., F.A.I.C.D.

**NEROLIE WITHNALL** B.A., LL.B., F.A.I.C.D.

**MARTIN D KRIEVALDT** B.A., LL.B. (Hons), F.A.I.C.D.

**RAYMOND G HILL** F.A.I.C.D.

**BRUCE R BROWN** B. Com., A.A.U.Q.

Full directors profiles set out on page 21.

#### 2. COMPANY SECRETARY

**TIM MULLEN** B. Bus, M. Com Law, F.C.P.A., F.C.I.S., F.C.L.A.

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 twelve 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.

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

#### 4. REVIEW AND RESULTS OF OPERATIONS

The year to March 2009 saw the Group achieve record financial results, especially during the first three quarters. The current downturn affecting economies around the world manifested itself in a slower final quarter for the Group. Markets for the Group's services remain uncertain, being affected by seasonal changes as well as the financial downturn. However, the Board is confident that the Group's business model will allow an effective scaling of its operations in line with expected market conditions. The Group has undertaken cost cutting measures across all its businesses, reducing capital expenditure and downsizing personnel in some operational areas. Because of the diversity of its business segments and strong

financial position, the Group is confident of emerging from the current economic downturn in a strong state, ready to take advantage of the expected recovery of the economy.

#### Net profit

Underlying net profit after tax (excluding unusual items) attributable to equity holders of the Company increased by 49.0% to \$106.21 million for the year ended 31 March 2009, from the \$71.27 million achieved last year. The result was realised from a turnover of \$920.35 million, representing a 19.2% increase on the \$772.29 million in 2008.

The increase was due to the strong performance of the ALS laboratory services business which experienced growth from buoyant market conditions during the first half of the year and demonstrated the benefits of the scalability of the business and its global footprint.

Directors have declared a final partly franked (50%) dividend for the year of 50 cents per share (2008: 60 cents partly franked) bringing the total partly franked (50%) dividend for the year to \$1.00 per share (2008: 95 cents partly franked).

The consolidated result including discontinued operations is summarised:

	This Year \$'000	Last Year \$'000
Revenue	<b>920,351</b>	772,286
Profit before financing costs, income tax and unusual items	<b>165,123</b>	111,760
Net financing costs	<b>(14,415)</b>	(9,775)
Income tax expense relating to profit before unusual items	<b>(44,517)</b>	(30,330)
<b>Profit after income tax before unusual items</b>	<b>106,191</b>	71,655
Net (profit) / loss attributable to minority interests before unusual items	<b>18</b>	(385)
<b>Profit before unusual items, attributable to equity holders of the company</b>	<b>106,209</b>	71,270
Unusual items net of income tax attributable to equity holders of the company - refer note 9 to the financial statements	-	5,549
Profit attributable to equity holders of the company	<b>106,209</b>	76,819

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 4. REVIEW AND RESULTS OF OPERATIONS *continued*

#### Net profit *continued*

Contributions from business divisions are as follows:

#### ALS Laboratory Group

	2009 \$'000	2008 \$'000	Increase
Revenue	<b>628,826</b>	468,043	34.4%
Segment contribution	<b>155,846</b>	112,488	38.5%

ALS Laboratory Group delivered record performance in both revenue and profit contribution during the year. Factors contributing to the result were increased capacity (arising from capital investment and business acquisitions over the past two years) strong market growth and an emphasis on diversity of service offerings reinforced by the restructuring of the global business along divisional lines in April 2008. All service categories within ALS experienced growth in sales and contribution when compared with the previous year.

Testing services markets are somewhat unpredictable in the short-term due to the current economic climate, particularly so in the minerals division. The flexible structures and systems supporting the Group's global laboratory network have enabled the business to manage the impact of reduced sample flows in recent months. ALS remains committed to positioning all of its divisions to take advantage of opportunities as and wherever they arise across the world as evidenced by acquisitions in the food, environmental and fluid analysis sectors during the past year – refer State of Affairs on page 32.

#### Campbell Chemicals

	2009 \$'000	2008 \$'000	Increase/ (Decrease)
Revenue	<b>164,310</b>	152,819	7.5%
Segment contribution	<b>7,928</b>	9,680	(18.1)%

The Chemicals division experienced reduced profitability during the year despite posting improved revenue in both the Industrial Chemical and Panamex Pacific businesses.

Tighter margins in Industrial Chemical manufacturing were offset to some degree by high demand for its imported raw chemical products and a disciplined approach to the management of overheads. Panamex Pacific returned a mixed performance across the Pacific Islands, USA and PNG all of which are being affected in different ways by the slowdown in the world economy.

Both business units will continue to concentrate on delivering superior levels of service to new and existing customers to provide a point of differentiation in increasingly challenging business conditions.

#### Reward Distribution

	2009 \$'000	2008 \$'000	(Decrease)
Revenue	<b>132,785</b>	145,743	(8.9)%
Segment contribution	<b>3,411</b>	4,595	(25.8)%

Reward Distribution Group returned reduced levels of revenue and contribution during the year, suffering from the general softening in tourism and hospitality markets. Revenues also fell as the division moved away from less profitable customer segments in order to focus on more attractive areas. Whilst efforts remain focused on rationalising products, warehousing, distribution, and administrative costs, significant effort has also been directed at business development initiatives into new market segments and sales growth.

### 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 2008, paid 1 July 2008	60.0	30.0	31,282
Interim 2009, paid 17 December 2008	50.0	25.0	26,289
Total amount			<u>57,571</u>
Ordinary dividend declared after the end of the financial year:			
Final 2009, to be paid 1 July 2009	50.0	25.0	<u>26,517</u>

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2009 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%.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 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 expanded its profile in tribology testing services with the acquisition of Steveley Services, a leading USA fluid analysis group; and
- ALS Laboratory Group increased its global presence in environmental testing with the acquisitions of IQA Laboratory Co Ltd the premier food / environmental technology laboratory in Thailand and DataChem Laboratories an environmental analytical laboratory group based in the USA.

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.

### 7. REMUNERATION REPORT

#### Remuneration policies

#### Overview of remuneration policies

The Board recognises that the continued growth and strong financial performance of the Group depends upon its ability to motivate 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. Given the changes in the global economy the Committee undertook a complete review of its guiding documents including the Committee's Charter, the Board and Executive Remuneration Policy and the long and short term incentive programs.

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.

The Committee will continue to consider the ability of the Group to fund changes to remuneration packages in the short and longer term when determining future executive compensation packages.

#### Non-executive Directors' Remuneration Framework

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2006 AGM, is not to exceed \$599,500 per annum (comprising \$550,000 approved by shareholders plus Superannuation Guarantee of 9%). The fee pool was due to be reviewed at the 2009 AGM but this will be delayed to 2010. 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 2008 is outlined below:

	Board	Audit and Compliance Committee	Remuneration Committee
	\$	\$	\$
<b>Chairman</b>	130,000	25,000	5,000
<b>Member</b>	65,000	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

The Board is committed to delivering fair and equitable remuneration and reward practices that motivate executives, taking into account internal and external relationships 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, superannuation / pension contributions and benefits.
- Variable ("at risk") remuneration comprising incentive payment opportunities with a short term (annual) and long term (three year) focus.

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.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 7. REMUNERATION REPORT *continued*

#### Fixed remuneration

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

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 Schemes 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 during the period.

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

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 60% as a proportion of the individual executive's total fixed remuneration as at the July review date. Typically they range between 15% and 45% 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 is currently phasing out a cash-based LTI plan, the last year of operation being the year ended 31 March 2008. The final incentive payments, which are made in three tranches, will be made in May 2010.

The Group introduced a new equity-based LTI plan during the year. Approval for the new plan was received from shareholders at the AGM in August 2008. The new plan operates to provide invited executives a secondary at-risk performance incentive which is based on performance rights. In jurisdictions where securities legislation prevents economic implementation "phantom rights" (cash-settled) are provided.

The plan runs over a three year performance period and the rights vest only if Earnings Per Share ("EPS") and relative Total Shareholder Return ("TSR") hurdles are achieved by the Company over the specified performance period. 50 percent of each employee's rights are subject to EPS measurement and 50 percent are subject to the TSR measurement. The performance hurdles and vesting proportions for each measure are as follows:

Compound annual diluted EPS growth	Proportion of performance rights that may be exercised if EPS growth hurdle is met
Less than 13% per annum	0%
13% per annum	25%
Between 13% and 20% per annum	Straight line vesting between 25% and 50%
20% or higher per annum	50% (i.e. 50% of total grant)

TSR of Campbell Brothers relative to TSRs of comparator companies	Proportion of performance rights that may be exercised if TSR hurdle is met
Less than the 50th percentile	0%
50th percentile	25%
Between 50th percentile and 75th percentile	Straight line vesting between 25% and 50%
75th percentile or higher	50% (i.e. 50% of total grant)
Comparator companies	International companies: Bureau Veritas (France), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland).  Australian companies: Ausenco, Boart Longyear, Cardno, Clough, Coffey International, MacMahon Holdings, Monadelphous, Orica, Servcorp, WorleyParsons.

The cumulative performance hurdles are assessed at the end of the three year period and the "at risk" LTI component becomes exercisable or is forfeited by the executive at this time. New offers of participation are ratified by the Remuneration Committee.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 7. REMUNERATION REPORT *continued*

#### Consequences of performance on shareholders' wealth

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.

Year ended 31 March	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000
Profit attributable to equity holders of the company	<b>106,209</b>	76,819	59,066	34,843	34,344
Profit (excluding unusual items and amortisation of goodwill) attributable to equity holders of the company	<b>106,209</b>	71,270	51,648	34,177	25,005
Dividends paid	<b>(52,806)</b>	(49,456)	(36,072)	(23,560)	(17,297)

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 plan are:

- NPAT (net profit after tax) targets in relation to the Group or EBIT (earnings before interest and tax) targets where these are in relation to specific business units.
- The STI plan provides financial stretch targets for executives based on NPAT or EBIT and ROS (return on sales) criteria which executives must achieve in order to receive 100% of their "at risk" STI. This "at risk" STI component is prorated where the executive's business unit does not attain the stretch target but may still reach minimum financial performance hurdles.

In addition to financial hurdles, executives have non-financial KPIs that must be achieved in order to receive their full incentive payment. Individual non-financial KPIs relate to measurement of performance in some of the following areas – Health Safety & Environment and risk management, strategic plan delivery, customer service, leadership and team contribution, workforce capability and succession planning. The KPIs chosen are tailored to the executive's role and business unit plan requirements. In order for each KPI to align with corporate financial targets and strategic objectives, and to be meaningful as

an incentive, each KPI must represent continuing high performance.

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 LTI hurdles are developed with advice from independent advisers.

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

#### Other benefits

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

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.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 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		Total \$
		Salary & fees \$	STI cash bonus (a) \$	Non-monetary (b) \$	Value of share-based awards (c) \$	LTI cash bonus (d) \$	Other long term \$	Super-annuation and pension benefits \$	Termination benefits \$	
<b>Directors</b>										
<b>Non-executive directors</b>										
Mr GJ McGrath	2009	145,000	-	-	-	-	522	13,050	-	158,572
	2008	136,875	-	-	-	-	466	12,319	-	149,660
Mr A J Love	2009	66,250	-	-	-	-	522	5,962	-	72,734
	2008	62,500	-	-	-	-	466	5,625	-	68,591
Mrs N Withnall	2009	88,750	-	-	-	-	522	7,987	-	97,259
	2008	83,750	-	-	-	-	466	7,538	-	91,754
Mr M D Kriewaldt	2009	78,750	-	-	-	-	522	7,088	-	86,360
	2008	74,375	-	-	-	-	466	6,694	-	81,535
Mr R G Hill	2009	76,250	-	-	-	-	522	6,862	-	83,634
	2008	71,875	-	-	-	-	466	6,469	-	78,810
Mr B R Brown	2009	63,750	-	-	-	-	522	5,738	-	70,010
	2008	30,000	-	-	-	-	466	35,400	-	65,866
<b>Executive directors (f)</b>										
Mr G F Kilmister	2009	791,139	570,000	44,408	38,788	130,000	522	100,422	-	1,675,279
	2008	606,174	217,500	40,940	-	130,000	466	102,090	-	1,097,170
<b>Executives (f)</b>										
Mr H Blok	2009	410,956	183,009	1,509	-	85,667	290	107,794	-	789,225
	2008	398,055	145,500	5,405	-	85,667	243	78,195	-	713,065
Mr D Brown	2009	228,360	-	28,664	15,328	16,571	290	21,350	-	310,563
	2008	213,291	80,250	33,353	-	16,571	243	20,194	-	363,902
Ms C Clements	2009	220,069	-	19,500	9,621	-	290	19,806	-	269,286
	2008	89,484	14,063	-	-	-	91	8,054	-	111,692
Mr R Naran (e)	2009	297,514	-	5,521	3,662	-	290	8,475	-	315,462
	2008	-	-	-	-	-	-	-	-	-
Mr B Williams (e)	2009	225,970	109,620	31,810	15,469	50,000	290	29,157	-	462,316
	2008	-	-	-	-	-	-	-	-	-
Mr P McPhee (e)	2009	267,202	111,510	-	16,042	-	290	24,048	-	419,092
	2008	-	-	-	-	-	-	-	-	-
Mr P Jordan (e)	2009	183,035	63,840	1,639	11,460	37,933	290	24,272	-	322,469
	2008	-	-	-	-	-	-	-	-	-
Mr N Thompson (retired 31 Mar 2008)	2009	-	-	-	-	-	-	-	-	-
	2008	207,274	-	25,048	-	-	70,141	137,687	-	440,150
Mr P Davis (ceased employment 5 Oct 2007)	2009	-	-	-	-	-	-	-	-	-
	2008	106,176	-	15,665	-	-	22,088	30,156	300,000	474,085
Mr A Austin (ceased employment 5 Apr 2007)	2009	-	-	-	-	-	-	-	-	-
	2008	15,347	-	1,695	-	-	68,289	325	276,666	362,322
<b>Total Compensation: key management personnel (Group)</b>										
	2009	3,142,995	1,037,979	133,051	110,370	320,171	5,684	382,011	-	5,132,261
	2008	2,095,176	457,313	122,106	-	232,238	164,357	450,746	576,666	4,098,602
<b>Total Compensation: key management personnel (Company)</b>										
	2009	2,436,476	864,519	94,081	79,779	232,238	4,814	320,107	-	4,032,014
	2008	2,095,176	457,313	122,106	-	232,238	164,357	450,746	576,666	4,098,602

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 7. REMUNERATION REPORT *continued*

#### Directors' and executive officers' remuneration (Consolidated) *continued*

- (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 report.
- (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) The LTI Plan (equity based) was introduced 1 April 2008 and runs for a three year performance period. Accordingly no performance rights or cash-settled rights will vest until 1 July 2011. The fair value of performance rights granted during the year ended 31 March 2009 is calculated using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies and allocated to each financial year evenly over the period from grant date to vesting date.
- (d) LTI cash bonuses are paid over the three year period immediately following grant date which fell at the end of each three year performance appraisal period. The grant date for the final appraisal period was 31 March 2008. The specific service and performance criteria are set out earlier in this note.
- (e) The Laboratory division was restructured along divisional lines from 1 April 2008, prior to that date the divisional general managers did not meet the definition of a key management person.
- (f) Refer to Note 38 for role descriptions.

#### Analysis of bonuses included in remuneration

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 (c)		
		Included in remuneration \$ (a)	% vested	% forfeited (b)	included in remuneration \$ (a)	% vested	% forfeited (b)
<b>Executives</b>							
Mr G F Kilmister	2009	570,000	100	-	130,000	100	-
	2008	217,500	100	-	130,000	100	-
Mr H Blok	2009	183,099	69	31	85,667	100	-
	2008	145,500	100	-	85,667	100	-
Mr D Brown	2009	-	-	100	16,571	98	2
	2008	80,250	100	-	16,571	98	2
Ms C Clements	2009	-	-	100	-	-	-
	2008	14,063	100	-	-	-	-
Mr R Naran (d)	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
Mr B Williams	2009	109,620	84	16	50,000	100	-
	2008	-	-	-	-	-	-
Mr P McPhee	2009	111,510	84	16	-	-	-
	2008	-	-	-	-	-	-
Mr P Jordan	2009	63,840	76	24	37,933	100	-
	2008	-	-	-	-	-	-
Mr N Thompson	2009	-	-	-	-	-	-
	2008	-	-	100	-	-	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.
- (c) This amount reflects the LTI Plan (Cash based) which was phased out on 31 March 2008.
- (d) Mr Naran was exempt from the STI Plan for the year to 31 March 2009 due to provisions in the contract for the acquisition of E-Lab Analytical group in August 2007.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 7. REMUNERATION REPORT *continued*

#### Proportion of performance related and equity based remuneration

Details of each of the named executives performance related remuneration as a proportion of their total remuneration is detailed below.

		Proportion of remuneration performance based %
<b>Executives</b>		
Mr G F Kilmister	2009	44.1
	2008	31.7
Mr H Blok	2009	34.0
	2008	32.4
Mr D Brown	2009	10.3
	2008	26.6
Ms C Clements	2009	3.6
	2008	12.6
Mr R Naran	2009	1.2
	2008	-
Mr B Williams	2009	37.9
	2008	-
Mr P McPhee	2009	30.4
	2008	-
Mr P Jordan	2009	35.1
	2008	-
Mr N Thompson	2009	-
	2008	-

#### Performance rights over ordinary shares granted as compensation

Details of performance rights over ordinary shares in the Company that were granted as compensation to each key management person under the equity-based LTI Plan during the year are as follows.

	Number of rights granted	Grant date *	Fair value right at grant date (\$)*
<b>Executives</b>			
Mr G F Kilmister	7,388	5 August 2008	24.16
Mr D Brown	2,726	3 September 2008	29.46
Ms C Clements	1,711	3 September 2008	29.46
Mr R Naran	2,112	3 September 2008	29.46
Mr B Williams	2,751	3 September 2008	29.46
Mr P McPhee	2,853	3 September 2008	29.46
Mr P Jordan	2,038	3 September 2008	29.46

All of the above rights carry an exercise price of nil and vest on 1 July 2011, subject to the achievement of the performance hurdles set out earlier in this report. No rights were forfeited or vested during the year.

\* The issue price used to determine the number of rights offered to all participants during the year, including Mr Kilmister and other key management personnel, was \$29.44 being the volume weighted average price of the Company's shares during the twenty trading days following the announcement of the Group's financial results for the year ended March 2008 - i.e. 28 May to 25 June 2008. The grant dates and corresponding fair values per right in the above table have been determined in accordance with Australian Accounting Standards and are dependent on the dates on which individual executives are deemed to have received their offers to participate in the Plan. Fair values have been calculated using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

### 8. ENVIRONMENTAL REGULATION

The consolidated entity 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 consolidated entity'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 consolidated entity 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 new trade waste treatment plant was commissioned at Campbell Chemical Girraween and capital expenditure was approved for a new plant at Campbell Chemical Brisbane that will result in a reduced trade waste load being discharged to sewer,
- External environmental reviews were conducted on ALS coal testing facilities throughout Queensland and New South Wales,
- Campbell Chemical at Laverton conducted a programmed maintenance upgrade of their bulk chemical storage facilities, investigating the integrity of the bunds and effluent pits, making improvements where necessary,
- Water efficiency management plans were implemented by sites with high water usage in both Campbell Chemical and ALS divisions and
- An online environmental training program was rolled out to all divisions of Campbell Brothers Ltd assessing the competency of our site managers and business managers in relation to environmental compliance, site licensing requirements, 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 launched against the Group 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.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 9. EVENTS SUBSEQUENT TO REPORTING DATE

The current portion of unsecured bank loans as at 31 March 2009 (refer Note 26 of the financial statements) is part of a \$200 million loan facility which is due to mature in November 2009. Obligations arising from these maturities will be met from a combination of other existing undrawn commitments and the establishment of new facilities for which the Group has accepted credit-approved term sheets subsequent to balance date.

Other than the above, 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

The Group's objective during the next financial year will be to maximise earnings and investment returns across all the business units in its diversified portfolio. Markets for the Group's services remain volatile, being affected by seasonal changes as well as slowing economies. The Group is confident that its business model will allow an effective scaling of its various operations in line with expected market conditions.

### 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	245,035
Mr G F Kilmister	144,437
Mr A J Love	48,592
Mrs N Withnall	2,021
Mr M D Kriewaldt	31,579
Mr R G Hill	12,000
Mr B R Brown	50,000

Refer to the Remuneration Report above for details of performance rights held by Mr Kilmister.

### 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 Meetings (1)		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr G J McGrath	12	12	4	3	4	4
Mr G F Kilmister	12	12	-	-	-	-
Mr A J Love	12	12	-	-	4	4
Mrs N Withnall	12	11	4	4	-	-
Mr M D Kriewaldt	12	12	4	4	4	3
Mr R G Hill	12	11	4	4	-	-
Mr B R Brown	12	11	-	-	-	-

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

B – Number of meetings attended

(1) Although not members of the Audit & Compliance Committee, Messrs Love, Brown and Kilmister are eligible to attend all meetings of the Committee as permitted by the Committee's charter.

### 13. 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.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2009

### 14. 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:

	Consolidated		The Company	
	2009	2008	2009	2008
<b>Audit services</b>	\$	\$	\$	\$
Auditors of the Company				
<i>KPMG Australia:</i>				
Audit and review of financial reports	266,500	299,000	188,800	188,800
<i>Other KPMG member firms:</i>				
Audit and review of financial reports	341,240	279,462	-	-
	<b>607,740</b>	578,462	<b>188,800</b>	188,800
Other auditors				
Audit and review of financial reports	54,120	89,480	-	-
	<b>661,860</b>	667,942	<b>188,800</b>	188,800
<b>Other services</b>				
<i>KPMG Australia</i>				
Audit of share register, annual general meeting proxies and other assurance services	-	5,000	-	5,000
Other assurance and investigation services	33,000	1,000	33,000	1,000
<i>Other KPMG member firms:</i>				
Taxation Services	154,900	118,000	-	-
	<b>187,900</b>	124,000	<b>33,000</b>	6,000

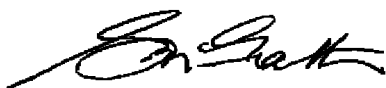
### 15. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 85 and forms part of the directors' report for the financial year ended 31 March 2009.

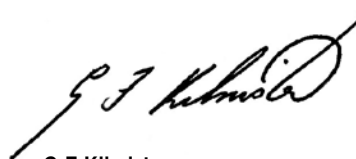
### 16. ROUNDING OFF

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 26 May 2009



**G F Kilmister**  
Managing Director  
Brisbane 26 May 2009

# INCOME STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
<b>Continuing operations</b>					
Revenue from sale of goods		291,098	292,367	105,774	97,861
Revenue from rendering of services		629,253	468,663	427	608
		<b>920,351</b>	761,030	<b>106,201</b>	98,469
Other income	7	1,944	1,884	70,420	40,667
Changes in inventories of finished goods and work in progress		3,199	11,537	2,555	(739)
Raw materials and consumables purchased		(253,838)	(244,264)	(66,003)	(56,173)
Employee expenses		(294,599)	(226,577)	(22,990)	(22,495)
Warehousing and distribution costs		(32,558)	(27,954)	(6,050)	(5,347)
Amortisation and depreciation		(37,139)	(27,930)	(3,713)	(3,533)
Selling expenses		(9,922)	(8,225)	(1,035)	(832)
Administration and other expenses		(133,805)	(128,586)	(19,605)	(16,805)
Share of net profits of associates and joint venture accounted for using the equity method	18	1,490	1,652	-	-
Gain on sale of investment in CCI Holdings Ltd	9	-	6,214	-	-
		<b>165,123</b>	118,781	<b>59,780</b>	33,212
<b>Profit before financing costs and income tax</b>					
Financial income	11	836	860	1,083	717
Financial expenses	11	(15,251)	(10,635)	(10,506)	(5,140)
		<b>(14,415)</b>	(9,775)	<b>(9,423)</b>	(4,423)
<b>Net financing costs</b>					
		<b>150,708</b>	109,006	<b>50,357</b>	28,789
<b>Profit before income tax</b>					
Income tax expense	12	(44,517)	(32,172)	5,895	3,328
		<b>106,191</b>	76,834	<b>56,252</b>	32,117
<b>Profit from continuing operations</b>					
<b>Discontinued operations</b>					
Profit of discontinued operations (net of income tax)	37	-	370	-	370
		<b>106,191</b>	77,204	<b>56,252</b>	32,487
<b>Profit for the period</b>					
<b>Attributable to:</b>					
Equity holders of the company		106,209	76,819	56,252	32,487
Minority interest		(18)	385	-	-
		<b>106,191</b>	77,204	<b>56,252</b>	32,487
<b>Profit for the period</b>					
Basic earnings per share	13	201.93c	147.81c		
Diluted earnings per share	13	201.85c	147.81c		
Basic earnings per share from continuing operations		201.93c	147.84c		
Diluted earnings per share from continuing operations		201.85c	147.84c		
Dividends per share	27	\$1.00	95c		

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 44 to 82.

# STATEMENTS OF RECOGNISED INCOME AND EXPENSE

## FOR THE YEAR ENDED 31 MARCH 2009

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
Net change in fair value transferred to profit	27	-	(4,453)	-	-
Foreign exchange translation differences	27	14,905	(5,880)	-	-
Loss on hedge of net investments in foreign subsidiaries	27	(5,748)	(630)	-	-
Net loss on cash flow hedges taken to equity	27	(3,294)	(841)	(3,294)	(841)
<b>Net income / (loss) recognised directly in equity</b>		<b>5,863</b>	(11,804)	<b>(3,294)</b>	(841)
Profit for the period		<b>106,191</b>	77,204	<b>56,252</b>	32,487
<b>Total recognised income and expense for the period</b>		<b>112,054</b>	65,400	<b>52,958</b>	31,646
Attributable to:					
Equity holders of the company	28	112,072	65,015	52,958	31,646
Minority interest		(18)	385	-	-
<b>Total recognised income and expense for the period</b>		<b>112,054</b>	65,400	<b>52,958</b>	31,646

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 44 to 82.

# BALANCE SHEETS

AS AT 31 MARCH 2009

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
<b>Assets</b>					
Cash and cash equivalents	14	60,260	46,552	12,683	7,632
Trade and other receivables	15	140,573	138,543	18,713	21,886
Inventories	16	73,562	66,454	20,373	17,819
Other	17	12,108	7,526	2,028	1,461
<b>Total current assets</b>		<b>286,503</b>	259,075	<b>53,797</b>	48,798
Receivables	15	6,204	7,146	330,467	295,565
Investments accounted for using the equity method	18	11,383	10,768	-	-
Investment property	25	11,255	11,378	11,255	11,378
Deferred tax assets	21	11,146	6,874	4,850	1,746
Property, plant and equipment	22	210,344	152,074	22,657	22,368
Intangible assets	23	268,090	230,193	6,833	6,819
Other investments	19	163	161	18,336	18,334
<b>Total non-current assets</b>		<b>518,585</b>	418,594	<b>394,398</b>	356,210
<b>Total assets</b>	6	<b>805,088</b>	677,669	<b>448,195</b>	405,008
<b>Liabilities</b>					
Bank overdraft	14	746	1,317	35	-
Trade and other payables	24	84,729	69,781	20,763	17,438
Loans and borrowings	26	169,365	2,803	115,353	400
Income tax payable	20	12,289	11,131	6,529	3,979
Employee benefits		18,192	14,949	1,681	852
<b>Total current liabilities</b>		<b>285,321</b>	99,981	<b>144,361</b>	22,669
Loans and borrowings	26	99,723	233,898	53,852	147,071
Deferred tax liabilities	21	2,708	1,974	-	-
Employee benefits		2,255	2,572	1,578	2,061
Other		2,013	1,039	-	-
<b>Total non-current liabilities</b>		<b>106,699</b>	239,483	<b>55,430</b>	149,132
<b>Total liabilities</b>	6	<b>392,020</b>	339,464	<b>199,791</b>	171,801
<b>Net assets</b>		<b>413,068</b>	338,205	<b>248,404</b>	233,207
<b>Equity</b>					
Share capital	27	242,724	223,111	242,724	223,111
Reserves	27	48	(6,012)	(3,778)	(681)
Retained earnings		169,140	120,502	9,458	10,777
<b>Total equity attributable to equity holders of the company</b>		<b>411,912</b>	337,601	<b>248,404</b>	233,207
<b>Minority interest</b>		<b>1,156</b>	604	-	-
<b>Total equity</b>	28	<b>413,068</b>	338,205	<b>248,404</b>	233,207

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 44 to 82.

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2009

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
<b>Cash flows from operating activities</b>					
Cash receipts from customers		1,024,404	823,139	121,072	120,204
Cash paid to suppliers and employees		(803,041)	(706,585)	(102,651)	(114,798)
Cash generated from operations		221,363	116,554	18,421	5,406
Dividends received		-	-	69,000	40,000
Interest paid		(15,252)	(10,635)	(10,507)	(5,140)
Interest received		836	860	1,084	717
Income taxes paid		(40,202)	(27,203)	(10,833)	(9,147)
<b>Net cash from operating activities</b>	35	<b>166,745</b>	<b>79,576</b>	<b>67,165</b>	<b>31,836</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(71,548)	(50,081)	(3,859)	(3,836)
Loans to controlled entities to finance payment for acquisitions of non-current assets		-	-	(32,153)	(105,150)
Repayments/(Loans) joint venture entity		1,158	(1,979)	-	-
Payments for net assets on acquisition of businesses and controlled entities (net of cash acquired)	36	(43,454)	(101,892)	-	-
Additional payments in respect of prior year acquisitions of controlled entities		(4,078)	(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		875	297	-	-
Proceeds from sale of other non-current assets		2,321	1,514	109	76
Proceeds from divestment of consumer products contract manufacturing business		-	3,708	-	3,708
Proceeds from sale of investment in CCI Holdings Ltd		-	16,060	-	-
Dividend received from CCI Holdings Ltd		-	876	-	-
<b>Net cash from investing activities</b>		<b>(114,726)</b>	<b>(141,123)</b>	<b>(35,903)</b>	<b>(105,202)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		40,478	133,500	36,603	115,000
Repayment of borrowings		(41,815)	(39,228)	(25,476)	(22,085)
Lease payments		(2,830)	(5,802)	(655)	(712)
Lease receipts		832	816	832	816
Dividends paid		(37,550)	(24,951)	(37,550)	(24,951)
<b>Net cash from financing activities</b>		<b>(40,885)</b>	<b>64,335</b>	<b>(26,246)</b>	<b>68,068</b>
Net increase/(decrease) in cash and cash equivalents		11,134	2,788	5,016	(5,298)
Cash and cash equivalents at 1 April		45,235	42,705	7,632	12,930
Effect of exchange rate fluctuations on cash held		3,145	(258)	-	-
<b>Cash and cash equivalents at 31 March</b>	14	<b>59,514</b>	<b>45,235</b>	<b>12,648</b>	<b>7,632</b>

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 44 to 82.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 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 2009 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 26 May 2009.

### (b) Basis of measurement

The financial report is prepared on the historical cost basis except that derivative financial instruments, available-for-sale financial assets and liabilities for cash-settled share based payments are measured at fair value.

### (c) Functional and presentation currency

The financial report is presented in Australian dollars which is the Company’s functional currency. 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.

In particular the most significant uses of estimates and judgements are described in Note 23 – Intangible assets and Note 36 – Acquisitions of subsidiaries and minority interests.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 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 page 46) and impairment losses (see Note 3(j)).

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES *continued*

#### (e) Property, plant and equipment *continued*

##### Owned assets *continued*

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 is 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	20-40 years
• Plant and equipment	3-10 years
• Leasehold 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 weighted average method 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

As part of its transition to AASBs, the Group elected to restate only those business combinations that occurred on or after 1 April 2004. In respect of acquisitions prior to 1 April 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Australian GAAP.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES *continued*

#### (i) Intangible assets *continued*

##### 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 Note 3(g)) and deferred tax assets (see Note 3(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" below). 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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES *continued*

#### (j) Impairment *continued*

##### 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 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 fair value at grant date of equity-settled share-based awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of share awards that vest, except for those that fail to vest due to market vesting conditions not being met.

The fair value of the amount payable to employees in respect of cash-settled share-based awards is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee expenses in profit or loss.

#### (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.

#### (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.

Transfers of risk and rewards vary depending on the individual terms of the contract of sale. For the majority of the Group's sale of goods, transfer usually occurs when the product is delivered.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES *continued*

### (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 below). 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES *continued*

#### (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 performance rights 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 2009, 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* and introduces the "management approach" to segment reporting. AASB 8 will apply to the Group's 31 March 2010 financial statements and may require a change in the presentation and disclosure of segment information.
- AASB 3 *Business Combinations* (2008) will become mandatory for the Group's 31 March 2010 financial statements and will be applied prospectively. Therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.
- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) will become mandatory for the Group's 31 March 2010 financial statements. This is not expected to have a significant impact on the consolidated financial statements.
- Revised AASB 101 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group's 31 March 2010 financial statements is expected to have a significant impact on the presentation of the consolidated financial statements.
- 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.
- 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.
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES *continued*

#### (x) New standards and interpretations not yet adopted

*continued*

measurement purposes. The amendments, which become mandatory for the Group's 31 March 2010 financial statements, are not expected to have any impact on the financial statements.

- AASB 2008-7 *Amendments to Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* changes the recognition and measurement of dividend receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Group's 31 March 2010 financial statements. The Group has not yet assessed the potential effect of the amendments.
- AASB 2008-8 *Amendments to Australian Accounting Standard - Eligible Hedged Items* clarifies the effect of using option as hedging instruments and the circumstances in which inflation risk can be hedged. The amendments become mandatory for the Group's 31 March 2011 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.
- AI 16 *Hedges of a Net Investment in a Foreign Operation* clarifies that net investment hedging can only be applied when the net assets of the foreign operation are recognised in the entity's consolidated financial statements. AI 16 will come mandatory for the Group's 31 March 2010 financial statements. The Group has not yet determined the potential effect of the Interpretation.
- AI 17 *Distributions of Non-cash Assets to Owners* provides guidance in respect of measuring the value of distributions of non-cash assets to owners. AI 17 will become mandatory for the Group's 31 March 2011 financial statements. The Group has not yet determined the potential effect of the Interpretation.
- AI 18 *Transfer of Assets from Customers* provides guidance on the accounting for contributions from customers in the form of transfers of property, plant and equipment (or cash to acquire or construct it). AI 18 will become mandatory for the Group's 31 March 2010 financial statements. The Group has not yet determined the potential effect of the Interpretation.
- AASB 2009-3 *Amendments to Australian Accounting Standards - Embedded Derivatives* is effective for the Group's 31 March 2010 financial statements. The impact of this Standard 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

The Group has an established credit policy 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 48% (2008: 50%), Americas 28% (2008: 31%) and other regions 24% (2008: 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 4. FINANCIAL AND CAPITAL RISK MANAGEMENT

*continued*

### 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.

#### 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 US 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 34% (2008: 36%).

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 6. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments.

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.

#### 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.

#### Business segments

In thousands of AUD	ALS Laboratory Group		Campbell Chemicals		Reward Distribution		Continuing Operations		Discontinued Operations		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers:														
Revenue	628,826	468,043	158,740	147,244	132,785	145,743	920,351	761,030	-	11,256	-	-	920,351	772,286
Inter-segment revenue	-	-	5,570	5,575	-	-	5,570	5,575	-	-	(5,570)	(5,575)	-	-
Total revenue	628,826	468,043	164,310	152,819	132,785	145,743	925,921	766,605	-	11,256	(5,570)	(5,575)	920,351	772,286
Segment result	154,356	110,836	7,928	9,680	3,411	4,595	165,695	125,111	-	68	-	-	165,695	125,179
Share of net profit of equity accounted investments	1,490	1,652	-	-	-	-	1,490	1,652	-	-	-	-	1,490	1,652
Segment contribution	155,846	112,488	7,928	9,680	3,411	4,595	167,185	126,763	-	68	-	-	167,185	126,831
Unallocated income and expenses including unusual items (Note 9)													(2,062)	(8,048)
Profit before financing costs													165,123	118,783
Net financing costs													(14,415)	(9,775)
Income tax expense													(44,517)	(31,804)
Profit for the period													106,191	77,204
Segment assets	547,519	438,714	94,466	88,376	63,145	64,439	705,130	591,529	-	-	-	-	705,130	591,529
Investment in associates and joint venture	11,383	10,768	-	-	-	-	11,383	10,768	-	-	-	-	11,383	10,768
Unallocated assets													88,575	75,372
Total assets													805,088	677,669

\* See discontinued operations – Note 37

# NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2009

## 6. SEGMENT REPORTING *continued*

### Business segments *continued*

<i>In thousands of AUD</i>	ALS Laboratory Group		Campbell Chemicals		Reward Distribution		Continuing Operations		Discontinued Operations		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Segment liabilities	69,623	53,727	12,221	12,724	11,544	11,365	93,388	77,816	-	-	-	-	93,388	77,816
Unallocated liabilities													298,632	261,648
Total liabilities													392,020	339,464
Capital expenditure	65,980	45,123	4,068	3,297	1,466	1,642	71,514	50,062	-	24	-	-	71,514	50,086
Unallocated corporate capital expenditure													456	837
Total capital expenditure													71,970	50,923
Amortisation and depreciation	31,245	22,254	3,434	3,525	1,788	1,841	36,467	27,620	-	242	-	-	36,467	27,862
Unallocated amortisation and depreciation													672	310
Total amortisation and depreciation													37,139	28,172
Non-cash expenses	4,184	4,279	495	412	714	2,690	5,393	7,381	-	(405)	-	-	5,393	6,976
Unallocated Corporate non-cash expenses													1,467	2,623
Total non-cash expenses													6,860	9,599

\* See discontinued operations – Note 37

### Geographical segments

<i>In thousands of AUD</i>	Australasia		Americas		Other regions		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers	447,922	413,663	322,025	250,325	150,404	108,298	-	-	920,351	772,286
Segment assets	405,264	380,625	238,819	176,709	161,005	120,335	-	-	805,088	677,669
Capital expenditure	23,695	20,361	33,696	18,717	14,579	11,845	-	-	71,970	50,923

## 7. OTHER INCOME

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Net gain on disposal of property, plant and equipment	1	215	5	60
Dividend income	-	876	69,000	40,000
Other income	1,943	793	1,415	607
	1,944	1,884	70,420	40,667

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 8. SIGNIFICANT EXPENSES

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
Cost of goods sold		208,396	216,141	71,520	73,278
Equity-settled share-based payment transactions	40	197	-	197	-
Cash-settled share-based payment transactions	40	16	-	16	-
Contributions to defined contribution post-employment plans		19,237	15,336	2,069	1,842

### 9. UNUSUAL ITEMS

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

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
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)
	-	7,024	-	(66)
Income tax effect	-	(1,475)	-	388
	-	5,549	-	322

### 10. AUDITORS' REMUNERATION

<i>In AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Audit services</b>				
Auditors of the Company				
<i>KPMG Australia:</i>				
Audit and review of financial reports	266,500	299,000	188,800	188,800
<i>Other KPMG member firms:</i>				
Audit and review of financial reports	341,240	279,462	-	-
	607,740	578,462	188,800	188,800
Other auditors				
Audit and review of financial reports	54,120	89,480	-	-
	661,860	667,942	188,800	188,800
<b>Other services</b>				
Auditors of the Company				
<i>KPMG Australia</i>				
Audit of share register, annual general meeting proxies and other assurance services	-	5,000	-	5,000
Other assurance and investigation services	33,000	1,000	33,000	1,000
<i>Other KPMG member firms:</i>				
Taxation Services	154,900	118,000	-	-
	187,900	124,000	33,000	6,000

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 11. NET FINANCING COSTS

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Interest income from:				
Related parties	212	-	765	330
Other parties	624	860	318	387
Financial income	836	860	1,083	717
Interest expense to:				
Related parties	-	-	152	285
Other parties	14,731	9,933	10,099	4,567
Finance charges on capitalised leases	520	702	255	288
Financial expenses	15,251	10,635	10,506	5,140
Net financing costs	14,415	9,775	9,423	4,423

### 12. INCOME TAX EXPENSE

<i>In thousands of AUD</i>	Note	Consolidated		The Company	
		2009	2008	2009	2008
<b>Recognised in the income statement</b>					
<b>Current tax expense</b>					
Current year		46,196	33,150	(3,885)	(4,560)
Adjustments for prior years		(361)	(909)	(354)	(2)
		45,835	32,241	(4,239)	(4,562)
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences		(1,318)	(437)	(1,656)	866
		(1,318)	(437)	(1,656)	866
Total income tax expense in income statement		44,517	31,804	(5,895)	(3,696)
Attributable to:					
Continuing operations		44,517	32,172	(5,895)	(3,328)
Discontinued operations	37	-	(368)	-	(368)
		44,517	31,804	(5,895)	(3,696)

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Reconciliation between tax expense and pre-tax net profit</b>				
Profit before tax	150,708	109,006	50,357	28,789
Income tax using the domestic corporation tax rate of 30% (2008: 30%)	45,212	32,703	15,107	8,638
Difference resulting from different tax rates in overseas countries	(1,743)	(301)	-	-
Increase in income tax expense due to:				
Non-deductible expenses	421	500	52	36
Accounting loss on sale of remaining consumer products business assets	-	20	-	20
Non-deductible new market expansion and acquisition related costs	356	158	-	-
Tax losses of controlled entities not recognised	320	665	-	-
Non resident withholding tax paid upon receipt of distributions from foreign related parties	1,954	899	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 12. INCOME TAX EXPENSE *continued*

#### Reconciliation between tax expense and pre-tax net profit *continued*

<i>In thousands of AUD</i>	Note	Consolidated		The Company	
		2009	2008	2009	2008
Decrease in income tax expense due to:					
Previously unrecognised tax losses utilised during the year		(318)	(208)	-	-
Deductible loss on sale of remaining consumer products business assets		-	(388)	-	(388)
Share of associate entities net profit		(447)	(496)	-	-
Foreign statutory tax exemptions granted		(815)	(685)	-	-
Tax exempt revenues		-	-	(20,700)	(12,000)
Other items		(62)	(154)	-	-
Under / (over) provided in prior years		(361)	(909)	(354)	(2)
Income tax expense on pre-tax net profit		44,517	31,804	(5,895)	(3,696)
<b>Deferred tax recognised directly in equity</b>					
Relating to hedging reserve		1,412	292	1,412	292
		1,412	292	1,412	292

### 13. EARNINGS PER SHARE

<i>Cents per share</i>	Consolidated	
	2009	2008
Basic earnings per share	201.93	147.81
Basic underlying earnings per share	201.93	137.13
Diluted earnings per share	201.85	147.81
Diluted underlying earnings per share	201.85	137.13

#### Basic and diluted earnings per share

The calculations of both basic and diluted earnings per share were based on the profit attributable to equity holders of the company of \$106,209,000 (2008: \$76,819,000).

#### Basic and diluted underlying earnings per share

The calculations of both basic and diluted underlying earnings per share were based on underlying net profit after tax before unusual items of \$106,209,000 (2008: \$71,270,000).

#### Reconciliation of profit to underlying net profit

<i>In thousands of AUD</i>	Note	Consolidated	
		2009	2008
Profit attributable to equity holders of the company		106,209	76,819
Less unusual items net of income tax	9	-	(5,549)
Underlying net profit after tax before unusual items		106,209	71,270

#### Weighted average number of ordinary shares (Basic and diluted)

<i>In thousands of Shares</i>	Note	Consolidated	
		2009	2008
Issued ordinary shares at 1 April	27	52,137	51,623
Effect of shares issued July 2008		347	309
Effect of shares issued December 2008		114	40
Weighted average number of ordinary shares at 31 March (Basic)		52,598	51,972
Effect of performance rights issued August 2008		5	-
Effect of performance rights issued September 2008		16	-
Weighted average number of ordinary shares at 31 March (Diluted)		52,619	51,972

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 14. CASH AND CASH EQUIVALENTS

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Bank balances	53,810	45,452	6,233	6,532
Call deposits	6,450	1,100	6,450	1,100
Cash and cash equivalents in the balance sheet	60,260	46,552	12,683	7,632
Bank overdrafts repayable on demand	(746)	(1,317)	(35)	-
Cash and cash equivalents in the statement of cash flows	59,514	45,235	12,648	7,632

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

### 15. TRADE AND OTHER RECEIVABLES

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Current</b>				
Trade receivables	127,956	125,190	16,438	18,418
Other receivables	12,617	13,353	1,369	2,772
Receivables due from controlled entities	-	-	906	696
	140,573	138,543	18,713	21,886
<b>Non-current</b>				
Finance lease receivable	3,692	4,181	3,692	4,181
Security deposits	1,662	921	-	-
Loans to controlled entities	-	-	326,775	291,384
Loans owing by associates and joint venture	850	2,044	-	-
	6,204	7,146	330,467	295,565
Ageing of trade receivables				
Current	65,025	66,013	8,469	7,523
30 days	33,073	33,770	6,291	5,939
60 days	11,584	10,892	883	1,255
90 days and over	28,181	18,358	4,508	4,296
Total	137,863	129,033	20,151	19,013
Allowance for impairment of trade receivables				
Opening balance	3,843	2,221	595	45
Impairment loss recognised	6,064	1,622	3,118	550
Closing balance	9,907	3,843	3,713	595

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 16. INVENTORIES

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Raw materials and consumables	24,558	16,706	6,378	3,692
Work in progress	7,600	13,401	378	1,433
Finished goods	41,404	36,347	13,617	12,694
	<b>73,562</b>	66,454	<b>20,373</b>	17,819

### 17. OTHER CURRENT ASSETS

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Prepayments	7,228	4,923	2,022	1,456
Other	4,880	2,603	6	5
	<b>12,108</b>	7,526	<b>2,028</b>	1,461

### 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	
			2009	2008
<b>Associates:</b>				
ALS Technichem (Malaysia) Snd Bhd	Laboratory services	31 December	40%	40%
Australian Hospitality Imports Pty Ltd (1)	Glassware importer / distributor	30 June	- %	50%
<b>Joint venture:</b>				
ALS Mineralogy Pty Ltd (2)	Laboratory services	31 March	51%	51%

(1) The Group sold its interest to the other shareholder during the year.

(2) 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.

<i>In thousands of AUD</i>	Consolidated	
	2009	2008
<b>Movements in carrying amount of investments in associates and joint venture:</b>		
Carrying amount at the beginning of the financial year	10,768	3,163
Investment in joint venture	-	6,250
Share of associates' and joint venture's net profit	1,490	1,652
Dividends received	(875)	(297)
	<b>11,383</b>	10,768

### 19. OTHER INVESTMENTS

<i>In thousands of AUD</i>	Note	Consolidated		The Company	
		2009	2008	2009	2008
<b>Non-current investments</b>					
Investments in controlled entities	34	-	-	18,336	18,334
Investments in other entities		163	161	-	-
		<b>163</b>	161	<b>18,336</b>	18,334

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 20. CURRENT TAX ASSETS AND LIABILITIES

The current tax liability for the Group of \$12,289,000 (2008: \$11,131,000) and for the Company of \$6,529,000 (2008: \$3,979,000) 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.

### 21. DEFERRED TAX ASSETS AND LIABILITIES

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated <i>In thousands of AUD</i>	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
Property, plant and equipment	2,202	1,526	2,154	1,816	48	(290)
Land and buildings	-	-	1,188	1,090	(1,188)	(1,090)
Intangible assets	-	-	1,054	1,061	(1,054)	(1,061)
Unrealised FX losses/(gains)	1,272	7	93	151	1,179	(144)
Provisions and other payables	9,798	9,314	-	-	9,798	9,314
Undeducted equity raising costs	79	158	-	-	79	158
Fair value derivatives	1,707	312	-	-	1,707	312
Untaxed reserves - Sweden	-	-	965	709	(965)	(709)
Inventories	113	349	1,879	1,905	(1,766)	(1,556)
Other items	350	192	247	236	103	(44)
Tax value of loss carry-forwards recognised	497	10	-	-	497	10
<b>Tax assets / liabilities</b>	<b>16,018</b>	<b>11,868</b>	<b>7,580</b>	<b>6,968</b>	<b>8,438</b>	<b>4,900</b>
Set off of tax	(4,872)	(4,994)	(4,872)	(4,994)	-	-
<b>Net tax assets / liabilities</b>	<b>11,146</b>	<b>6,874</b>	<b>2,708</b>	<b>1,974</b>	<b>8,438</b>	<b>4,900</b>
<b>The Company</b>						
Property, plant and equipment	-	-	39	310	(39)	(310)
Land and buildings	-	-	640	615	(640)	(615)
Intangible assets	-	-	809	804	(809)	(804)
Unrealised FX losses/(gains)	1,017	-	-	67	1,017	(67)
Provisions and other payables	3,723	3,168	-	-	3,723	3,168
Undeducted equity raising costs	79	158	-	-	79	158
Fair value derivatives	1,707	312	-	-	1,707	312
Other items	38	64	226	160	(188)	(96)
<b>Tax assets / liabilities</b>	<b>6,564</b>	<b>3,702</b>	<b>1,714</b>	<b>1,956</b>	<b>4,850</b>	<b>1,746</b>
Set off of tax	(1,714)	(1,956)	(1,714)	(1,956)	-	-
<b>Net tax assets / liabilities</b>	<b>4,850</b>	<b>1,746</b>	<b>-</b>	<b>-</b>	<b>4,850</b>	<b>1,746</b>

#### Unrecognised deferred tax assets

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

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Tax losses	1,124	824	-	-

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 22. PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Freehold land and buildings:</b>				
At cost	52,017	43,983	13,933	13,770
Accumulated depreciation	(10,226)	(8,557)	(3,767)	(3,315)
	41,791	35,426	10,166	10,455
<b>Plant and equipment:</b>				
At cost	308,143	220,230	19,755	18,801
Accumulated depreciation	(198,552)	(138,244)	(12,422)	(11,095)
	109,591	81,986	7,333	7,706
<b>Leasehold improvements:</b>				
At cost	55,088	35,275	294	294
Accumulated depreciation	(24,673)	(15,061)	(104)	(74)
	30,415	20,214	190	220
<b>Leased plant and equipment:</b>				
At capitalised cost	8,475	9,065	19	142
Accumulated depreciation	(4,732)	(4,484)	(13)	(112)
	3,743	4,581	6	30
<b>Product dispensers:</b>				
At capitalised cost	10,413	9,844	10,317	9,627
Accumulated depreciation	(7,008)	(6,388)	(6,954)	(6,238)
	3,405	3,456	3,363	3,389
<b>Capital works in progress:</b>	21,399	6,411	1,599	568
	210,344	152,074	22,657	22,368

#### Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Freehold land and buildings:</b>				
Carrying amount at the beginning of the year	35,426	40,676	10,455	22,274
Additions	2,575	2,966	25	23
Additions through entities acquired	4,844	2,683	-	-
Transfer from capital works in progress	182	564	-	-
Transfer to investment property	-	(11,453)	-	(11,453)
Depreciation	(1,207)	(997)	(314)	(389)
Disposals	(842)	-	-	-
Effect of movement in foreign exchange	813	987	-	-
Carrying amount at end of year	41,791	35,426	10,166	10,455

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 22. PROPERTY, PLANT AND EQUIPMENT *continued*

#### Reconciliations *continued*

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Plant and equipment:</b>				
Carrying amount at the beginning of the year	81,986	62,132	7,706	9,623
Additions	34,264	34,373	1,164	1,282
Additions through entities acquired	10,719	3,207	-	-
Transfers	5,491	1,099	-	70
Transfer from leased plant and equipment	51	3,241	-	-
Disposal	(1,327)	(2,840)	(49)	(1,653)
Depreciation	(26,518)	(18,861)	(1,488)	(1,616)
Effect of movement in foreign exchange	4,925	(365)	-	-
Carrying amount at end of year	109,591	81,986	7,333	7,706
<b>Leasehold improvements:</b>				
Carrying amount at the beginning of the year	20,214	17,172	220	251
Additions	11,260	6,117	-	-
Additions through entities acquired	2,694	299	-	-
Transfer from capital works in progress	161	452	-	-
Disposal	(78)	(11)	-	-
Depreciation	(5,158)	(3,764)	(30)	(31)
Effect of movement in foreign exchange	1,322	(51)	-	-
Carrying amount at end of year	30,415	20,214	190	220
<b>Leased plant and equipment:</b>				
Carrying amount at the beginning of the year	4,581	6,871	30	44
Additions	421	853	-	8
Additions through entities acquired	-	2,071	-	-
Transfer to plant and equipment	(51)	(3,241)	-	-
Disposal	(38)	(40)	(23)	-
Depreciation	(1,393)	(1,988)	(1)	(22)
Effect of movement in foreign exchange	223	55	-	-
Carrying amount at end of year	3,743	4,581	6	30
<b>Product dispensers:</b>				
Carrying amount at the beginning of the year	3,456	3,127	3,389	3,021
Additions	1,687	1,905	1,639	1,858
Disposal	(33)	(11)	(33)	(11)
Depreciation	(1,705)	(1,565)	(1,632)	(1,479)
Carrying amount at end of year	3,405	3,456	3,363	3,389
<b>Capital works in progress:</b>				
Carrying amount at the beginning of the year	6,411	4,588	568	200
Additions	20,558	3,678	1,031	438
Additions through entities acquired	112	273	-	-
Transfers	(5,858)	(2,006)	-	(70)
Effect of movement in foreign exchange	176	(122)	-	-
Carrying amount at end of year	21,399	6,411	1,599	568

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 23. INTANGIBLE ASSETS

	Consolidated				The Company			
	Goodwill	Purchased trademarks and brandnames	Software	Total	Goodwill	Purchased trademarks and brandnames	Software	Total
<i>In thousands of AUD</i>								
<b>Cost</b>								
Balance at 1 April 2007	130,830	3,781	1,922	<b>136,533</b>	3,823	2,904	30	<b>6,757</b>
Additions through business combinations	95,435	-	27	<b>95,462</b>	-	-	-	
Additions	-	-	1,031	<b>1,031</b>	-	-	235	<b>235</b>
Transfers	-	-	(109)	<b>(109)</b>	-	-	-	
Disposals	-	-	(11)	<b>(11)</b>	-	-	(11)	<b>(11)</b>
Amortisation	-	-	(922)	<b>(922)</b>	-	-	(162)	<b>(162)</b>
Effect of movements in foreign exchange	(1,802)	(2)	13	<b>(1,791)</b>	-	-	-	
Balance at 31 March 2008	224,463	3,779	1,951	<b>230,193</b>	3,823	2,904	92	<b>6,819</b>
Balance at 1 April 2008	224,463	3,779	1,951	<b>230,193</b>	3,823	2,904	92	<b>6,819</b>
Additions through business combinations	30,392	-	-	<b>30,392</b>	-	-	-	
Additions	-	-	1,183	<b>1,183</b>	-	-	116	<b>116</b>
Transfers	-	-	24	<b>24</b>	-	-	-	
Disposal	-	-	(2)	<b>(2)</b>	-	-	-	
Amortisation	-	-	(1,014)	<b>(1,014)</b>	-	-	(102)	<b>(102)</b>
Effect of movements in foreign exchange	7,286	(43)	71	<b>7,314</b>	-	-	-	
Balance at 31 March 2009	262,141	3,736	2,213	<b>268,090</b>	3,823	2,904	106	<b>6,833</b>

#### Impairment tests for cash generating units containing goodwill

The following units have significant carrying amounts of goodwill:

	Consolidated		The Company	
	2009	2008	2009	2008
<i>In thousands of AUD</i>				
ALS Minerals	<b>11,313</b>	9,065	-	-
ALS Environmental – North America	<b>76,826</b>	65,778	-	-
ALS Environmental – Europe	<b>40,203</b>	39,802	-	-
ALS Environmental – Asia	<b>7,849</b>	946	-	-
ALS Coal	<b>79,828</b>	77,200	-	-
ALS Tribology	<b>14,730</b>	-	-	-
Campbell Chemicals	<b>4,434</b>	4,447	<b>3,823</b>	3,823
Reward Distribution	<b>23,731</b>	23,793	-	-
Multiple units without significant goodwill	<b>3,227</b>	3,432	-	-
	<b>262,141</b>	224,463	<b>3,823</b>	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 FY2010 and forecasts drawn from years two and three of the Group's three-year forecast for FY2011 and FY2012. Cash flows for a further 17 year period are extrapolated using a growth rate of 3.0 per cent per annum. The Group believes 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 10.7 per cent has been used in discounting the projected cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 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 10.7 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

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Trade payables	29,217	29,206	5,831	6,858
Other trade payables and accrued expenses	49,823	39,535	9,110	9,415
Trade payables due to controlled entities	-	-	133	125
Fair value derivatives	5,689	1,040	5,689	1,040
	<b>84,729</b>	69,781	<b>20,763</b>	17,438

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

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Carrying amount at the beginning of the year	11,378	-	11,378	-
Transfer from property, plant and equipment	-	11,453	-	11,453
Additions	22	-	22	-
Depreciation	(145)	(75)	(145)	(75)
Carrying amount at end of year	<b>11,255</b>	11,378	<b>11,255</b>	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 \$16,860,000 based on a capitalisation rate of 9.5%.

### 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.

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Current liabilities</b>				
Unsecured bank loans	167,330	779	114,920	-
Finance lease liabilities	2,035	2,024	433	400
	<b>169,365</b>	2,803	<b>115,353</b>	400
<b>Non-current liabilities</b>				
Unsecured bank loans	96,021	228,476	26,680	122,262
Finance lease liabilities	3,702	5,422	2,566	2,999
Due to controlled entities	-	-	24,606	21,810
	<b>99,723</b>	233,898	<b>53,852</b>	147,071

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 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 current portion of the unsecured bank loans is part of a \$200 million loan facility which is due to mature in November 2009. Obligations arising from these maturities will be met from a combination of other existing undrawn commitments and the establishment of new facilities for which the Group has accepted credit-approved term sheets subsequent to balance date. Funding available to the Group from undrawn facilities at 31 March 2009 amounted to \$142,503,000 (2008: \$92,000,000).

The weighted average interest rate for all bank loans at balance date is 4.1% (2008: 5.8%).

#### Finance lease liabilities

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Included as lease liabilities are the present values of future rentals for leased assets capitalised:				
Current	2,035	2,024	433	400
Non-current	3,702	5,422	2,566	2,999
	5,737	7,446	2,999	3,399
Lease commitments in respect of capitalised finance leases are payable:				
Within one year	2,410	2,402	655	655
Later than one year but not later than five years	4,242	5,148	3,038	2,621
Later than five years	-	1,073	-	1,072
	6,652	8,623	3,693	4,348
Future finance charges	(915)	(1,177)	(694)	(949)
Total lease liability	5,737	7,446	2,999	3,399

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 Chemex (Guangzhou) 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 Chita Holdings AB, ALS Sweden AB, ALS Scandinavia AB, ALS Finland OY, ALS Technichem (HK) Pty Ltd, ALS Technichem (Singapore) Pte Ltd, ALS Testing Services (Thailand) Co. Ltd, ASL International Ltd, ALS Poland Sp.Z.O.O, ALS Portugal Ltda, Groupe de Laboratoire ALS Mali SARL, Abilab Burkina SARL, Abilab Exploitation SARL, ALS Laboratory Group LLC, S.C. Rom Analize S.R.L., Witlab (Proprietary) Ltd, Bushland Products Pty Ltd, ALS Russian Holdings Pty Ltd, Carpi Ltd, Panamex Pacific (PNG) Ltd, CBL Campbell Brothers NZ Ltd, CBL Campbell Brothers USA, Inc, ALS Group USA, Corp (formerly 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, Reward Supply Co. (N.Q.) Pty Ltd, Currey Pty Ltd, Panamex Pacific, Inc (American Samoa), Staveley Services North America, Inc, ALS USA, Corp, IQA Laboratory Co. Ltd.

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 2009

### 27. CAPITAL AND RESERVES

#### Reconciliation of movement in capital

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Issued and paid up share capital</b>				
53,033,285 ordinary shares fully paid (2008: 52,136,610)	<b>242,724</b>	223,111	<b>242,724</b>	223,111
<i>Movements in ordinary share capital</i>				
Balance at beginning of year	<b>223,111</b>	208,692	<b>223,111</b>	208,692
Share issues:				
896,675 shares (2008: 514,100) under Dividend Reinvestment Plan (1)	<b>19,613</b>	14,419	<b>19,613</b>	14,419
Balance at end of year	<b>242,724</b>	223,111	<b>242,724</b>	223,111

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

1 July 2008 – 441,505 shares at \$26.71

17 December 2008 – 455,170 shares at \$17.18

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 (2008: Nil). The market price of shares issued under the Share Plan as at 31 March 2009 was \$13.60 (2008: \$25.00).

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

	2009 No.	2008 No.
Number of shares at beginning of year	<b>438,800</b>	637,300
Number of shares issued to employees	-	-
Number of shares distributed to employees	<b>(88,500)</b>	(198,500)
<b>Number of shares at end of year</b>	<b>350,300</b>	438,800

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 27. CAPITAL AND RESERVES *continued*

#### Employee Share Plan *continued*

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:

	Consolidated		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Current receivables - Other debtors	<b>888,796</b>	1,546,239	<b>888,796</b>	1,546,239

#### Reserves

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Foreign currency translation	<b>3,826</b>	(5,331)	-	-
Hedging	<b>(3,975)</b>	(681)	<b>(3,975)</b>	(681)
Fair value	-	-	-	-
Employee share-based awards	<b>197</b>	-	<b>197</b>	-
	<b>48</b>	(6,012)	<b>(3,778)</b>	(681)

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.

The employee share-based awards reserve comprises the cumulative amount, recognised as an employee expense to date, of the fair value at grant date of share-based, share-settled awards granted to employees. Refer to Notes 3(m) and 40.

#### Reconciliations of movements in reserves

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Foreign currency translation reserve:				
Balance at beginning of year	<b>(5,331)</b>	1,179	-	-
Foreign exchange translation differences	<b>14,905</b>	(5,880)	-	-
Gain / (loss) on hedge of net investments in foreign subsidiaries	<b>(5,748)</b>	(630)	-	-
Balance at end of year	<b>3,826</b>	(5,331)	-	-
Hedging:				
Balance at beginning of year	<b>(681)</b>	160	<b>(681)</b>	160
Net loss on cash flow hedges taken to equity	<b>(3,294)</b>	(841)	<b>(3,294)</b>	(841)
Balance at end of year	<b>(3,975)</b>	(681)	<b>(3,975)</b>	(681)
Fair value:				
Balance at beginning of year	-	4,453	-	-
Transfer to profit on sale of investment	-	(4,453)	-	-
Balance at end of year	-	-	-	-
Employee share-based awards:				
Balance at beginning of year	-	-	-	-
Share-settled performance rights awarded during the year	<b>197</b>	-	<b>197</b>	-
Balance at end of year	<b>197</b>	-	<b>197</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 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
<b>2009</b>				
Interim 2009 ordinary	50.0	25.0	26,289	17 December 2008
Final 2008 ordinary	60.0	30.0	31,282	1 July 2008
Total amount			57,571	
<b>2008</b>				
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	
Dividend declared after the end of the financial year:				
Final 2009 ordinary	50.0	25.0	26,517	1 July 2009

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2009 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	
	2009	2008	2009	2008
30% franking credits available to shareholders of Campbell Brothers Limited for subsequent financial years	6,939	6,242	6,705	6,048

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 \$5,682,000 (2008: \$6,703,000).

### 28. TOTAL EQUITY RECONCILIATION

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Total equity at beginning of year	338,205	299,547	233,207	226,997
Total recognised income and expense attributable to equity holders of the company	112,072	65,015	52,958	31,646
Share-settled performance rights awarded during the year	197	-	197	-
Transactions with owners as owners:				
Contributions of equity (Note 27)	19,613	14,419	19,613	14,419
Dividends (Note 27)	(57,571)	(39,855)	(57,571)	(39,855)
Total changes in minority interests	552	(921)	-	-
Total equity at end of year	413,068	338,205	248,404	233,207

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 29. FINANCIAL INSTRUMENTS

#### Liquidity risk

Contractual maturities for financial liabilities on a gross cash flow basis are analysed below:

CONSOLIDATED As at 31 March 2009	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total	Average effective interest rate
<i>In thousands of AUD</i>							
<b>Non-derivative financial liabilities</b>							
Bank overdraft	746	-	-	-	-	746	0.0%
Trade and other payables	84,729	-	-	-	-	84,729	n/a
Finance lease liabilities	1,250	1,160	1,586	2,656	-	6,652	7.8%
Unsecured bank loans	3,889	169,162	1,832	97,201	-	272,084	4.1%
<b>Derivative financial liabilities</b>							
Interest rate contracts used for hedging	1,529	1,230	1,237	-	-	3,996	n/a
Forward exchange contracts	10	-	-	-	-	10	n/a
<b>Total</b>	<b>92,153</b>	<b>171,552</b>	<b>4,655</b>	<b>99,857</b>	<b>-</b>	<b>368,217</b>	
<b>COMPANY</b> As at 31 March 2009							
<b>Non-derivative financial liabilities</b>							
Bank overdraft	35	-	-	-	-	35	0.0%
Trade and other payables	20,630	-	-	-	-	20,630	n/a
Finance lease liabilities	327	326	760	2,280	-	3,693	7.9%
Unsecured bank loans	2,368	115,790	544	27,030	-	145,732	4.5%
Due to controlled entities	133	-	24,606	-	-	24,739	n/a
<b>Derivative financial liabilities</b>							
Interest rate contracts used for hedging	1,529	1,230	1,237	-	-	3,996	n/a
Forward exchange contracts	-	-	-	-	-	-	n/a
<b>Total</b>	<b>25,022</b>	<b>117,346</b>	<b>27,147</b>	<b>29,310</b>	<b>-</b>	<b>198,825</b>	
<b>CONSOLIDATED</b> As at 31 March 2008							
<b>Non-derivative financial liabilities</b>							
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%
<b>Derivative financial liabilities</b>							
Interest rate contracts used for hedging	(49)	(49)	(141)	(82)	-	(321)	n/a
Forward exchange contracts	67	-	-	-	-	67	n/a
<b>Total</b>	<b>77,849</b>	<b>10,001</b>	<b>168,393</b>	<b>80,540</b>	<b>1,073</b>	<b>337,856</b>	
<b>COMPANY</b> As at 31 March 2008							
<b>Non-derivative financial liabilities</b>							
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
<b>Derivative financial liabilities</b>							
Interest rate contracts used for hedging	(49)	(49)	(141)	(82)	-	(321)	n/a
Forward exchange contracts	67	-	-	-	-	67	n/a
<b>Total</b>	<b>22,309</b>	<b>4,804</b>	<b>142,644</b>	<b>10,951</b>	<b>1,073</b>	<b>181,781</b>	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 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 <i>In thousands of AUD</i>	2009			2008		
	USD	CAD	SEK	USD	CAD	SEK
Trade and other receivables	14,408	-	-	17,561	-	-
Cash at bank	19,316	2	-	13,648	188	-
Secured bank loan	(35,092)	(5,748)	(17,524)	-	(5,339)	(23,923)
Trade and other payables	(3,318)	(2)	-	(4,388)	-	-
Gross balance sheet exposure	(4,686)	(5,748)	(17,524)	26,821	(5,151)	(23,923)
Forward exchange contracts	116	-	-	1,008	-	-
<b>Net exposure</b>	<b>(4,570)</b>	<b>(5,748)</b>	<b>(17,524)</b>	<b>27,829</b>	<b>(5,151)</b>	<b>(23,923)</b>
<b>COMPANY</b>						
<i>In thousands of AUD</i>						
Trade and other receivables	-	-	-	544	-	-
Cash at bank	1,636	2	-	4,278	188	-
Secured bank loan	(33,329)	(5,748)	(17,524)	-	(5,339)	(23,923)
Trade and other payables	-	-	-	(1,165)	-	-
Gross balance sheet exposure	(31,693)	(5,746)	(17,524)	3,657	(5,151)	(23,923)
Forward exchange contracts	116	-	-	1,008	-	-
<b>Net exposure</b>	<b>(31,577)</b>	<b>(5,746)</b>	<b>(17,524)</b>	<b>4,665</b>	<b>(5,151)</b>	<b>(23,923)</b>

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

	31 March spot rate	
	2009	2008
USD	0.692	0.915
CAD	0.870	0.937
SEK	5.707	5.434

#### 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 2008.

<i>In thousands of AUD</i>	Consolidated		The Company	
	Profit	Equity	Profit	Equity
As at 31 March 2009				
USD	(2,775)	3,190	2,871	-
CAD	-	523	523	-
SEK	-	1,593	1,593	-
31 March 2008				
USD	(2,530)	-	(424)	-
CAD	(17)	485	468	-
SEK	-	2,175	2,175	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 29. FINANCIAL INSTRUMENTS *continued*

### Currency risk *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 2008.

<i>In thousands of AUD</i>	Consolidated		The Company	
	Profit	Equity	Profit	Equity
As at 31 March 2009				
USD	3,391	(3,899)	(3,509)	-
CAD	-	(639)	(638)	-
SEK	-	(1,947)	(1,947)	-
31 March 2008				
USD	3,092	-	518	-
CAD	21	(593)	(572)	-
SEK	-	(2,658)	(2,658)	-

### Interest rate risk

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

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Fixed rate instruments</b>				
Financial assets	3,692	4,181	3,692	4,181
Financial liabilities	(5,737)	(7,446)	(2,999)	(3,399)
	(2,045)	(3,265)	693	782
<b>Variable rate instruments</b>				
Financial assets	60,260	46,552	339,458	299,016
Financial liabilities	(264,097)	(230,572)	(166,241)	(144,072)
Effect of interest rate contracts (notional amounts)	123,483	129,398	60,000	60,000
	(80,354)	(54,622)	233,217	214,944

### 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 2008.

<i>In thousands of AUD</i>	Consolidated		Equity	
	50bp increase	50bp decrease	50bp increase	50bp decrease
As at 31 March 2009				
Variable rate instruments	(1,019)	1,019	-	-
Interest rate contracts	617	(617)	851	(851)
Cash flow sensitivity (net)	(402)	402	851	(851)
As at 31 March 2008				
Variable rate instruments	(920)	920	-	-
Interest rate contracts	519	(397)	1,233	(1,013)
Cash flow sensitivity (net)	(401)	523	1,233	(1,013)

### Fair values

The basis for determining fair values is disclosed in note 5.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 30. OPERATING LEASES

#### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Less than one year	<b>21,516</b>	15,324	<b>1,400</b>	1,335
Between one and five years	<b>48,847</b>	31,429	<b>1,134</b>	1,168
More than five years	<b>26,618</b>	15,414	-	-
	<b>96,981</b>	62,167	<b>2,534</b>	2,503

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.

During the year ended 31 March 2009 \$22,829,000 was recognised as an expense in the income statement in respect of operating leases (2008: \$12,477,000).

#### 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:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Less than one year	<b>1,111</b>	1,184	<b>1,111</b>	1,184
Between one and five years	<b>2,778</b>	4,142	<b>2,778</b>	4,142
More than five years	-	-	-	-
	<b>3,889</b>	5,326	<b>3,889</b>	5,326

During the year ended 31 March 2009 \$1,088,000 was recognised rental income in the income statement (2008: \$533,000).

### 31. CAPITAL COMMITMENTS

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
<b>Capital expenditure commitments</b>				
Plant and equipment contracted but not provided for and payable within one year	<b>16,970</b>	7,701	<b>91</b>	28
	<b>16,970</b>	7,701	<b>91</b>	28

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 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

In thousands of AUD	Maximum amounts payable			
	Consolidated		The Company	
	2009	2008	2009	2008
In 2006 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 year. No amount was paid in respect of this arrangement during the year ended 31 March 2009 (2008: Nil).	1,314	1,380	-	-
In 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 year. \$1,800,000 was paid in respect of this arrangement during the year ended 31 March 2009 (2008: \$454,000).	1,200	2,270	-	-
In 2007, the Group acquired the Witlab laboratory group in South Africa. Pursuant to the purchase agreement additional consideration was payable if certain performance hurdles were achieved. \$1,951,000 was paid in respect of this arrangement during the year ended 31 March 2009 (2008: Nil).	-	1,683	-	-

### 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
- Australian Laboratory Services Pty Ltd
- Bushland Products Pty Ltd
- Currey Pty Ltd
- Reward Supply Co. Pty Ltd
- Reward Supply Co. (N.Q.) Pty Ltd

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 2009 is set out below.

#### Summarised income statement and retained profits

In thousands of AUD	Consolidated	
	2009	2008
Profit before tax	71,072	42,140
Income tax expense	(12,720)	(10,093)
Profit after tax	58,352	32,047
Retained profits at beginning of year	17,298	25,106
Dividends recognised during the year	(57,571)	(39,855)
Retained profits at end of year	18,079	17,298

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 33. DEED OF CROSS GUARANTEE *continued*

Balance sheet	Consolidated	
	2009	2008
<i>In thousands of AUD</i>		
<b>Assets</b>		
Cash and cash equivalents	16,234	11,685
Trade and other receivables	57,976	64,406
Inventories	45,730	42,258
Other	2,724	2,112
<b>Total current assets</b>	<b>122,664</b>	120,461
Receivables	93,693	66,470
Investments accounted for using the equity method	11,383	10,768
Investment property	11,255	11,378
Deferred tax assets	8,701	5,297
Property, plant and equipment	78,359	69,222
Intangible assets	106,023	102,304
Other	53,565	46,088
<b>Total non-current assets</b>	<b>362,979</b>	311,527
<b>Total assets</b>	<b>485,643</b>	431,988
<b>Liabilities</b>		
Trade and other payables	45,889	39,160
Loans and borrowings	115,977	964
Income tax payable	6,529	3,992
Employee benefits	11,691	9,618
<b>Total current liabilities</b>	<b>180,086</b>	53,734
Loans and borrowings	46,299	135,994
Deferred tax liabilities	-	-
Employee benefits	2,233	2,532
Other	-	-
<b>Total non-current liabilities</b>	<b>48,532</b>	138,526
<b>Total liabilities</b>	<b>228,618</b>	192,260
<b>Net assets</b>	<b>257,025</b>	239,728
<b>Equity</b>		
Share capital	242,724	223,111
Reserves	(3,778)	(681)
Retained earnings	18,079	17,298
<b>Total equity</b>	<b>257,025</b>	239,728

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 34. CONSOLIDATED ENTITIES

	Footnote	Country of Incorporation	Ownership interest %	
			2009	2008
<b>Parent entity</b>				
Campbell Brothers Limited		Aust		
<b>Subsidiaries</b>				
Australian Laboratory Services Pty Ltd		Aust	100	100
ACIRL Proprietary Ltd		Aust	100	100
ACIRL Quality Testing Services Pty Ltd		Aust	100	100
ALS Analytical Testing (Shanghai) Co. Ltd	3	China	100	100
ALS Bolivia Ltda	3	Bolivia	100	100
ALS Brasil Ltda	3	Brazil	100	100
ALS Canada Ltd		Canada	100	100
Manitoba Technology Centre Ltd		Canada	100	100
ALSMX, S.A. de C.V.	3	Mexico	100	100
ALS-Indequim, S.A. de C.V.	3	Mexico	100	100
ALS (Barbados) Ltd	3	Barbados	100	100
ALS Chemex de Mexico S.A. de C.V.	3	Mexico	100	100
ALS Chemex South Africa (Proprietary) Ltd		South Africa	100	100
ALS Laboratory (Proprietary) Ltd	2	Namibia	100	-
ALS Chemex (Guangzhou) Ltd		China	100	100
ALS Colombia Ltda		Colombia	100	100
ALS Czech Republic s.r.o	3	Czech Republic	100	100
ALS Geolab SRL	3	Argentina	100	100
ALS Ghana Limited		Ghana	100	100
ALS Guinee SARL	2	Guinea	100	-
ALS Pacific Limited	2	Fiji	100	-
ALS Patagonia S.A.	3	Chile	100	100
ALS Peru S.A.	3	Peru	100	100
ALS Sweden AB		Sweden	100	100
ALS Scandinavia AB		Sweden	100	100
ALS Finland OY		Finland	100	100
ALS Chita Holdings AB		Sweden	100	100
ALS Laboratory Group LLC		Russia	100	100
ALS Laboratory Group S.L.	2	Spain	100	-
ALS Laboratory Services Limited Sirketi	2	Turkey	100	-
ALS Poland Sp. z o.o.		Poland	100	100
ALS Portugal Lda		Portugal	100	100
ALS Taiwan Co. Ltd	3	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	3	Barbados	100	100
Carolab (Proprietary) Ltd		South Africa	73.9	73.9
Consulchem Pty Ltd	4	Aust	-	100
Group de Laboratoire ALS MALI SARL	3	Mali	100	100
Abilab Burkina SARL	3	Burkina Faso	100	100
Abilab Exploitation SARL	3	Mali	100	100
ALS Romania S.R.L (formerly S.C. Rom Analize S.R.L)	3	Romania	100	100
IQA Laboratory Co., Ltd	1	Thailand	100	-
Witlab (Proprietary) Ltd		South Africa	100	100
ALS Russia Holdings Pty Ltd	2	Aust	100	-
ALS Chita Laboratory LLC	1	Russia	75	-
Bushland Products Pty Ltd		Aust	100	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
ALS Group USA, Corp (formerly e-Lab Analytical, Inc)		USA	100	100
ALS USA, Corp	1	USA	100	-
ALS USA MI, Corp		USA	100	100
ALS USA, Inc		USA	100	100
Panamex Pacific, Inc		USA	100	100
Staveley Services North America, Inc	1	USA	100	-
Panamex Pacific, Inc		American Samoa	100	100
Panamex Pacific Ltd		NZ	100	100
Proclean Ltd	5	NZ	100	100
Reward Supply Co. Pty Ltd		Aust	100	100
Pandee Services Pty Ltd		Aust	100	100
Parker Sales & Service Pty Ltd		Aust	51	51
Reward Supply Co. (N.Q.) Pty Ltd		Aust	100	100
Currey Pty Ltd		Aust	100	100
Currey (N.Q.) Pty Ltd	4	Aust	-	100
Whitsunday Catering Supplies Pty Ltd	4	Aust	-	100
Reward Supply Co. (N.T.) Pty Ltd		Aust	51	51

#### Footnotes

1. Controlled entities acquired during the year.
2. Controlled entities incorporated during the year.
3. Controlled entities with a financial year end of 31 December, which differs from the Company's year end of 31 March.
4. Controlled entities voluntarily deregistered during the year.
5. Controlled entity in the process of voluntary deregistration as at year end.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 35. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
<b>Cash flows from operating activities</b>					
Profit for the period		106,191	77,204	56,252	32,487
Adjustments for:					
Amortisation and depreciation	22	37,139	28,172	3,713	3,774
Finance charges on capitalised leases		520	702	255	288
Finance income on capitalised leases		(344)	(376)	(344)	(376)
Foreign exchange gain/(loss)		-	-	3,754	61
(Profit)/loss on sale of property plant and equipment		(1)	(215)	(5)	(60)
Gain on sale of investment in CCI Holdings Ltd		-	(7,090)	-	-
Net Loss on disposal of the consumer products contract manufacturing business		-	66	-	66
Share-settled performance rights awarded during the year		197	-	197	-
Share of associates and joint venture net profit		(1,490)	(1,652)	-	-
Net non-cash expenses		6,860	9,599	4,073	588
<b>Operating cashflow before changes in working capital and provisions</b>		149,072	106,410	67,895	36,828
(Increase)/decrease in amounts owing by controlled entities		-	-	160	(3,611)
(Increase)/decrease in trade and other receivables		22,651	(21,506)	2,268	(2,530)
(Increase)/decrease in inventories		4,514	(7,098)	(2,629)	(253)
(Decrease)/increase in trade and other payables		(7,709)	(190)	(1,331)	(93)
(Decrease)/increase in taxation provisions		(1,783)	1,960	802	1,495
<b>Net cash from operating activities</b>		166,745	79,576	67,165	31,836

### 36. ACQUISITIONS OF SUBSIDIARIES AND MINORITY INTERESTS

#### Business Combinations

<i>In thousands of AUD</i>	Interest acquired	Date acquired	Consideration
<b>2009</b>			
IQA Laboratory Co., Ltd	100%	7 May 2008	8,786
Staveley Services North America Inc	100%	31 July 2008	15,828
ALS USA, Corp (Trading as DataChem Laboratories)	100%	31 October 2008	16,565
ALS Chita Laboratory LLC	75%	27 November 2008	3,276
Business assets acquired during the year (a)			259
			44,714
<b>2008</b>			
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

(a) Businesses assets acquired have been absorbed into controlled entities

In the periods to 31 March 2009 the acquired entities contributed a net profit of \$542,000 to the consolidated net profit for the year. If the acquisitions had occurred on 1 April 2008, Group revenue from continuing operations would have been \$942,878,000 and net profit from continuing operations would have been \$107,691,000.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 36. ACQUISITIONS OF SUBSIDIARIES AND MINORITY INTERESTS *continued*

#### Acquirees' net assets at acquisition dates

<i>In thousands of AUD</i>	Recognised value	
	2009	2008
Property, plant and equipment	18,369	8,560
Identifiable intangible assets	-	27
Inventories	1,225	3,119
Trade and other receivables	11,676	8,494
Cash and cash equivalents	1,260	1,102
Interest-bearing loans and borrowings	(4,277)	(3,402)
Trade and other payables	(9,283)	(8,140)
Net identifiable assets and liabilities	18,970	9,760
Minority interest at acquisition	(570)	(11)
Goodwill on acquisition	26,314	93,233
Consideration paid, satisfied in cash	44,714	102,982
Cash (acquired)	(1,260)	(1,102)
Net cash outflow	43,454	101,880

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 as the carrying values approximated their fair values.

#### 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. 2008 comparative information attributable to that business is as follows:

#### Results of discontinued operation

<i>In thousands of AUD</i>	Note	Consolidated	
		2009	2008
Revenue		-	11,256
Expenses		-	(11,188)
Results from operating activities		-	68
Income tax expense		-	(20)
Results from operating activities, net of income tax		-	48
Gain on sale of discontinued operation	9	-	(66)
Income tax on gain on sale of discontinued operation		-	388
<i>Profit for the period</i>		-	370
Basic earnings per share		-	0.71c
Diluted earnings per share		-	0.71c

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 37. DISCONTINUED OPERATIONS *continued*

#### Cash flows from discontinued operation

<i>In thousands of AUD</i>	Consolidated	
	2009	2008
Net cash from operating activities	-	(20)
Net cash from investing activities	-	3,734
Net cash from discontinued operation	-	3,714
<b>Effect of disposal on the financial position of the Group</b>		
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

### 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

#### **Executive director**

G F Kilmister (Managing Director and CEO)

#### **Executives**

H Blok (Executive Vice President, ALS Minerals)  
D Brown (Group General Manager, Chemical Division)  
C Clements (Group General Manager, Reward Distribution, appointed 12 November 2007)  
R Naran (Executive Vice President, ALS Environmental – North America, appointed 1 April 2008)  
B Williams (Group General Manager, ALS Environmental – Australia-Asia-Europe, appointed 1 April 2008)  
P McPhee (Group General Manager, ALS Coal, appointed 1 April 2008)  
P Jordan (Group General Manager, ALS Tribology, appointed 1 April 2008)

#### **Former Executives**

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)

- (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:

<i>In AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Short term employee benefits	4,314,025	2,674,595	3,395,076	2,674,595
Post-employment benefits	382,011	1,027,412	320,107	1,027,412
Value of share-based awards	110,370	-	79,779	-
Other long term benefits	325,855	396,595	237,052	396,595
	5,132,261	4,098,602	4,032,014	4,098,602

Information regarding individual directors and executives is provided in the Remuneration Report section of the Directors' Report on page 35.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 38. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

#### 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:

2009	Balance 1 April 2008 \$	Balance 31 March 2009 \$	Interest paid and payable in the reporting period \$	Highest balance in period \$
<b>Directors</b>				
G F Kilmister	494,864	401,914	-	494,864

2008	Balance 1 April 2007 \$	Balance 31 March 2008 \$	Interest paid and payable in the reporting period \$	Highest balance in period \$
<b>Directors</b>				
G F Kilmister	561,044	494,864	-	561,044

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 \$	Number in group at 31 March
Total for key management personnel and their related entities:				
<b>Directors</b>				
2009	494,864	401,914	-	1
2008	561,044	494,864	-	1
<b>Executives</b>				
2009	103,794	34,218	-	2
2008	328,879	103,794	-	2

Loans made to the key management personnel are interest free (2008: 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

##### 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 2008	Purchases	Sales	Held at 31 March 2009
<b>Directors</b>				
G J McGrath	237,438	7,597	-	245,035
G F Kilmister (i)	143,838	3,099	-	146,937
A J Love (i)	89,501	1,646	-	91,147
N Withnall	1,921	100	-	2,021
M D Kriewaldt (i)	55,785	1,989	24,271 (ii)	33,503
R G Hill	12,000	-	-	12,000
B R Brown	50,000	-	-	50,000

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 38. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

#### Equity instruments *continued*

#### Movements in shares *continued*

	Held at 1 April 2008	Purchases	Sales	Held at 31 March 2009
<b>Executives</b>				
H Blok	36,239	1,109	15,000	<b>22,348</b>
D Brown	-	-	-	-
C Clements	-	-	-	-
R Naran	-	-	-	-
B Williams	9,183	35	-	<b>9,218</b>
P McPhee	-	-	-	-
P Jordan	6,000	-	-	<b>6,000</b>

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) This reduction was due to a holding no longer considered to be personally related.

#### Performance rights over ordinary shares granted as compensation

Details of performance rights over ordinary shares in the Company that were granted as compensation to each key management person under the equity-based LTI Plan during the year are as follows.

	Number of rights granted	Grant date*	Fair value per right at grant date (\$)*
G F Kilmister	7,388	5 August 2008	24.16
D Brown	2,726	3 September 2008	29.46
C Clements	1,711	3 September 2008	29.46
R Naran	2,112	3 September 2008	29.46
B Williams	2,751	3 September 2008	29.46
P McPhee	2,853	3 September 2008	29.46
P Jordan	2,038	3 September 2008	29.46

All of the above rights carry an exercise price of nil and vest on 1 July 2011, subject to the achievement of performance hurdles (refer Note 40). No rights were forfeited or vested during the year.

\* The issue price used to determine the number of rights offered to all participants during the year, including Mr Kilmister and other key management personnel, was \$29.44 being the volume weighted average price of the Company's shares during the twenty trading days following the announcement of the Group's financial results for the year ended March 2008 – i.e. 28 May to 25 June 2008. The grant dates and corresponding fair values per right in the above table have been determined in accordance with Australian Accounting Standards and are dependent on the dates on which individual executives are deemed to have received their offers to participate in the Plan. Fair values have been calculated using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 39. NON-KEY MANAGEMENT PERSONNEL RELATED PARTY DISCLOSURES

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.

### 40. SHARE-BASED PAYMENTS

During the period the Group established a Long Term Incentive Plan (LTIP) designed as a retention and reward tool for high performing personnel. Under the Plan key employees may be granted conditional performance rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases to receive cash-settled awards).

The terms and conditions of the performance rights granted during the year ended 31 March 2009 are as follows:

	Equity-settled		Cash-settled
Date of grant	5 August 2008	3 September 2008	3 September 2008
Number of performance rights	7,388	28,184	8,966
Testing date for performance hurdles	31 March 2011	31 March 2011	31 March 2011
Vesting date	1 July 2011	1 July 2011	1 July 2011

Vesting conditions in relation to the above rights:

Employees must be employed by the Group on the vesting date. The rights vest only if Earnings Per Share ("EPS") and relative Total Shareholder Return ("TSR") hurdles are achieved by the Company over the specified performance period. 50 percent of each employee's rights are subject to EPS measurement and 50 percent are subject to the TSR measurement. The performance hurdles and vesting proportions for each measure are as follows:

Compound annual diluted EPS growth	Proportion of performance rights that may be exercised if EPS growth hurdle is met
Less than 13% per annum	0%
13% per annum	25%
Between 13% and 20% per annum	Straight line vesting between 25% and 50%
20% or higher per annum	50% (i.e. 50% of total grant)

TSR of Campbell Brothers relative to TSRs of comparator companies	Proportion of performance rights that may be exercised if TSR hurdle is met
Less than the 50th percentile	0%
50th percentile	25%
Between 50th percentile and 75th percentile	Straight line vesting between 25% and 50%
75th percentile or higher	50% (i.e. 50% of total grant)
Comparator companies	International companies: Bureau Veritas (France), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland). Australian companies: Ausenco, Boart Longyear, Cardno, Clough, Coffey International, MacMahon Holdings, Monadelphous, Orica, Servcorp, WorleyParsons.

The cumulative performance hurdles are assessed at the end of the three year period and the "at risk" LTI component becomes exercisable or is forfeited by the executive at this time. New offers of participation are ratified by the Remuneration Committee.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2009

### 40. SHARE-BASED PAYMENTS *continued*

The fair value of services received in return for performance rights granted during the year ended 31 March 2009 is based on the fair value of the rights granted measured using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies with the following inputs:

	Equity-settled		Cash-settled
Date of grant	5 August 2008	3 September 2008	3 September 2008
Weighted average fair value at date of grant	\$24.16	\$29.46	\$29.46
Share price at date of grant	\$31.23	\$36.00	\$36.00
Expected volatility	33%	33%	33%
Expected Life	2.9 years	2.8 years	2.8 years
Risk-free interest rate	5.79%	5.56%	5.56%
Dividend yield	4.2%	3.8%	3.8%

#### Employee Expenses

<i>In thousands of AUD</i>	Note	Consolidated		The Company	
		2009	2008	2009	2008
Equity-settled rights granted	8	197	-	197	-
Cash-settled rights granted	8	50	-	50	-
Effect of changes in the fair value of cash-settled rights	8	(34)	-	(34)	-
Total expense recognised as employee costs		213	-	213	-
Total carrying amount of liabilities for cash-settled rights		16	-	16	-

The fair value of the liability for cash-settled rights is remeasured at each reporting date and at settlement date using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies. The model inputs at 31 March 2009 were: share price of \$13.60, expected volatility 50%, expected life 2.3 years, risk-free interest rate 3.14% and dividend yield 4.0%.

### 41. EVENTS SUBSEQUENT TO BALANCE DATE

The current portion of unsecured bank loans as at 31 March 2009 (refer note 26) is part of a \$200 million loan facility which is due to mature in November 2009. Obligations arising from these maturities will be met from a combination of other existing undrawn commitments and the establishment of new facilities for which the Group has accepted credit-approved term sheets subsequent to balance date.

Other than the above, 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.

# DIRECTORS' DECLARATION

## FOR THE YEAR ENDED 31 MARCH 2009

- 1 In the opinion of the directors of Campbell Brothers Limited ("the Company"):
  - (a) the financial statements and notes, numbered 1 to 41, and the remuneration report contained in section 7 of 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 2009 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) 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 2009.

Signed in accordance with a resolution of the directors:



**G J McGrath**  
Chairman

Brisbane  
26 May 2009



**G F Kilmister**  
Managing Director

Brisbane  
26 May 2009



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMPBELL BROTHERS LIMITED

## Report on the financial report

We have audited the accompanying financial report of Campbell Brothers Limited (the Company), which comprises the balance sheets as at 31 March 2009, and the income statements, statements of recognised income and expense and statements of cash flows for the year ended on that date, accompanying notes 1 to 41 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.

### *Directors' responsibility for the financial 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 the 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(a), 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.

### *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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial 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 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.

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.

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *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 2009 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).

## Report on the remuneration report

We have audited the remuneration report included in section 7 of the directors' report for the year ended 31 March 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

### *Auditor's opinion*

In our opinion, the remuneration report of Campbell Brothers Limited for the year ended 31 March 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Mitchell C Petrie  
Partner

Brisbane 26 May 2009



## 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 2009 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

**Mitchell C Petrie**  
Partner  
Brisbane 26 May 2009

# TWENTY LARGEST SHAREHOLDERS

AS AT 26 MAY 2009

Registered Holder	Address	No. of Ordinary Shares Held	% of Issued Capital
1. RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED a/c>	New South Wales	4,826,956	9.10
2. HSBC Custody Nominees (Australia) Limited	New South Wales	2,000,303	3.77
3. JP Morgan Nominees Australia Limited	New South Wales	1,597,694	3.01
4. Milton Corporation Limited	New South Wales	1,413,310	2.66
5. National Nominees Limited	Victoria	1,264,482	2.38
6. UBS Nominees Pty Ltd	New South Wales	1,099,214	2.07
7. Citicorp Nominees Pty Ltd	Victoria	1,042,023	1.96
8. Faircase Pty Ltd	Queensland	1,014,266	1.91
9. RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST a/c>	New South Wales	635,002	1.20
10. Argo Investments Limited	South Australia	590,937	1.11
11. RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/c>	New South Wales	588,475	1.11
12. Australian Foundation Investment Company Limited	Victoria	514,143	0.97
13. Smersh Investments Pty Ltd <Smersh A/C>	Queensland	500,000	0.94
14. Cogent Nominees Pty Limited	New South Wales	444,437	0.84
15. Gardenglen Pty Ltd	Queensland	421,535	0.79
16. ANZ Nominees Limited <Income Reinvest Plan A/c>	Victoria	385,869	0.73
17. CPU Share Plans Pty Limited <CPB LON Control A/C>	New South Wales	349,300	0.66
18. Mrs Dorothy Anne Stewart	Queensland	338,000	0.64
19. Brickworks Investment Company Limited	New South Wales	318,629	0.60
20. Mrs Joyce Selina Hinds	Queensland	315,866	0.60
	<b>TOTAL</b>	<b>19,660,441</b>	<b>37.07</b>

# 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 26 May 2009 were:

	No. of Shares	% Held
Perpetual Limited and subsidiaries	7,348,955	13.86

### Statement of Quoted Securities

The Company's total number of shares on issue is 53,033,285 ordinary fully paid shares. At 26 May 2009 the total number of shareholders owning these shares was 7,751 on the register of members maintained by Computershare Investor Services Pty Ltd.

37.07% 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 26 May 2009, there were no options held over unissued ordinary shares in the Company. During the year, 35,572 Performance Rights were granted to 17 group executives over unissued shares in the Company, which vest on 1 July 2011 dependent on performance hurdles being met.

### Distribution Schedule of Shareholders

No. of Shares Held	No. of Shareholders
1 - 1,000	3,153
1,001 - 5,000	3,171
5,001 - 10,000	773
10,001 - 100,000	608
100,001 and over	46
	<b>7,751</b>

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares (\$500 in value) at 26 May 2009 was 118.

### 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 usually 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 (ASX) 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](http://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](http://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](http://www.campbell.com.au). If you are a shareholder and 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.

# TEN YEAR SUMMARY

	2000 \$000	2001 \$000	2002 \$000	2003 \$000	2004 \$000	2005* \$000	2006 \$000	2007 \$000	2008 \$000	2009 \$000	
<b>Sales Revenue</b>	271,736	319,146	336,219	359,278	390,269	435,562	522,654	662,654	772,286	<b>920,351</b>	
<b>Funds Employed</b>											
Share capital	65,186	67,049	98,186	100,067	104,327	112,185	197,923	208,692	223,111	<b>242,724</b>	
Reserves	3,505	4,576	828	(2,506)	(7,344)	(421)	3,398	5,792	(6,012)	<b>48</b>	
Retained earnings	19,767	28,850	28,527	28,700	37,768	37,496	53,650	83,538	120,502	<b>169,140</b>	
Minority interests	151	66	300	230	995	1,971	1,681	1,525	604	<b>1,156</b>	
Non-current liabilities	50,295	86,888	94,378	92,786	100,006	84,991	118,648	133,037	239,483	<b>106,699</b>	
Current liabilities	50,665	53,055	48,855	53,592	48,593	65,850	85,734	83,345	99,981	<b>285,321</b>	
<b>Total funds employed</b>	<b>189,569</b>	<b>240,484</b>	<b>271,074</b>	<b>272,869</b>	<b>284,345</b>	<b>302,072</b>	<b>461,034</b>	<b>515,929</b>	<b>677,669</b>	<b>805,088</b>	
<b>Represented by</b>											
Property, plant & equipment	65,863	77,361	87,486	86,572	85,947	89,313	125,361	134,566	152,074	<b>210,344</b>	
Current assets	76,973	90,528	108,337	106,594	111,784	137,529	188,863	215,660	259,075	<b>286,503</b>	
Non-current assets	5,414	21,150	9,470	13,173	13,284	8,063	10,831	29,170	36,327	<b>40,151</b>	
Intangibles	41,319	51,445	65,781	66,530	73,330	67,167	135,979	136,533	230,193	<b>268,090</b>	
<b>Total assets</b>	<b>189,569</b>	<b>240,484</b>	<b>271,074</b>	<b>272,869</b>	<b>284,345</b>	<b>302,072</b>	<b>461,034</b>	<b>515,929</b>	<b>677,669</b>	<b>805,088</b>	
<b>Trading Results</b>											
Financing costs (net)	2,792	4,203	4,910	5,125	5,752	5,477	5,555	6,849	9,775	<b>14,415</b>	
Depreciation & amortisation	8,910	11,549	13,931	15,459	15,768	13,999	16,512	24,310	28,172	<b>37,139</b>	
Profit before tax	18,560	19,647	16,319	17,238	21,509	45,143	52,075	86,537	109,006	<b>150,708</b>	
Income tax expense	6,295	3,028	5,030	5,703	6,903	10,381	17,182	27,519	31,804	<b>44,517</b>	
Profit after tax (before g'will & unusual items)	13,199	13,913	13,548	14,558	17,904	24,966	34,227	51,600	71,655	<b>106,191</b>	
Profit after tax (before g'will & unusual items) - attributable to members	12,996	14,139	13,493	14,919	17,939	25,005	34,177	51,648	71,270	<b>106,209</b>	
Profit after tax, goodwill & unusual items - attributable to members	12,062	17,985	11,234	11,896	14,641	34,344	34,843	59,066	76,819	<b>106,209</b>	
Dividend	8,366	9,429	11,607	11,723	13,183	17,297	23,560	36,072	49,456	<b>52,806</b>	
<b>Other Statistics</b>	(Ref)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Net tangible asset backing per share	\$	1.52	1.56	1.60	1.53	1.56	2.04	2.37	3.16	2.07	<b>2.73</b>
Earnings per share (before g'will & unusual items)	c	42.72	44.36	35.95	37.33	45.05	61.14	75.48	100.08	137.87	<b>201.89</b>
Earnings per share (before g'will & unusual items) - attributable to members	c	42.06	45.08	35.81	38.25	45.14	61.24	75.37	100.17	137.13	<b>201.93</b>
Earnings per share (after g'will & unusual items) - attributable to members	c	39.04	57.34	29.81	30.50	36.84	84.11	76.84	114.56	147.81	<b>201.93</b>
Dividends per share	c	27.0	30.0	30.0	30.0	33.0	42.0	50.0	70.0	95.0	<b>100.0</b>
Return on average equity (before g'will & unusual items)	%	15.5	14.7	11.9	11.5	13.7	17.4	16.8	18.6	22.5	<b>28.3</b>
Return on average equity (after g'will & unusual items)	%	14.1	19.0	9.9	9.4	11.2	23.9	17.1	21.2	24.1	<b>28.3</b>
Net debt (debt - cash)	\$'000	48,166	84,876	83,251	85,783	94,040	73,171	85,680	88,907	191,466	<b>209,574</b>
Gearing ratio (net debt/ (net debt + total equity))	%	35.2	45.8	39.4	40.4	40.9	32.6	25.0	22.9	36.1	<b>33.7</b>
Interest cover (after tax before g'will & unusual items)	times	5.7	4.3	3.8	3.8	4.1	5.6	7.2	8.5	8.3	<b>8.4</b>
Interest cover	times	7.6	5.7	4.3	4.4	4.7	9.2	10.4	13.6	12.2	<b>11.5</b>
No. of Employees		1,409	1,684	2,165	2,306	2,400	3,090	4,268	4,863	6,854	<b>6,277</b>

(a) Following the issue of 560,171 shares  
(b) Following the issue of 448,380 shares  
(c) Following the issue of 7,278,595 shares  
(d) Following the issue of 404,680 shares  
(e) Following the issue of 888,141 shares

(f) Following the issue of 1,214,541 shares  
(g) Following the issue of 9,723,228 shares (including 1:5 rights issue)  
(h) Following the issue of 634,409 shares \* 2005 figures restated to AIFRS  
(i) Following the issue of 514,100 shares  
(j) Following the issue of 896,675 shares

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Nerolie Withnall  
Martin Kriewaldt  
Ray Hill  
Bruce Brown

## COMPANY SECRETARY

Tim Mullen

## AUDITORS

KPMG

## SOLICITORS

Minter Ellison Lawyers

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