

25 November 2008

Record half year result for Campbell Bros

Brisbane-based diversified industrial company Campbell Brothers Limited (ASX Code: CPB) today announced that underlying profit after tax (excluding unusual items) attributable to shareholders of the Company increased by 74.7 percent to \$57.04 million for the half year to 30 September 2008, compared with \$32.66 million for the previous corresponding period.

The profit was generated from revenue of \$456.36 million, an increase of 24.5 percent from \$366.60 million in 2007.

Campbell Brothers Chairman, Geoff McGrath said the result was in line with guidance provided to the market on 14 October 2008 and was due primarily to the strong performance of the ALS laboratory services business which experienced growth from buoyant market conditions, capacity upgrades and acquisitions made over the last eighteen months.

“The Group will continue to focus on ensuring it extracts the best possible return on its investments. All business units are closely monitoring the effects of the current global financial turmoil on both revenue and costs.

“The Group is not immune to these events but is well positioned to respond quickly and appropriately to manage any impact on future earnings”, he added.

The Company reiterated expectations that underlying net profit after tax (excluding unusual items) for the full year to March 2009 will show an approximate 70 percent increase over that achieved for the previous corresponding full year period.

Directors have declared a partly franked (50%) interim dividend of 50 cents per share (2007: 35 cents, partly franked to 50%) which will be paid on 17 December 2008 on all shares registered in the Company’s register at the close of business on 5 December 2008.

Results of each of the Company’s business divisions were:

Financial Results	Revenue			Contribution		
	H12009	H12008	+ / -	H12009	H12008	+ / -
<i>In thousands of AUD</i>						
ALS Laboratory Group	309,547	207,399	49.3%	87,877	49,685	76.9%
Campbell Chemicals*	81,940	76,434	7.2%	5,216	4,707	10.8%
Reward Distribution	67,717	74,272	(8.8%)	2,343	2,638	(11.2%)
Discontinued operations**	-	11,255		-	68	
Intra-group revenue	(2,845)	(2,764)		-	-	
Total divisional	456,358	366,596	24.5%	95,436	57,098	67.1%
Net underlying profit after tax (before unusual items)				57,044	32,658	74.7%
Plus unusual items net of tax				-	5,549	
Net profit				57,044	38,207	49.3%

* excludes the consumer products contract manufacturing business (sold Sept 07)

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The ALS Laboratory Group achieved significant increases in both revenue and profit contribution across all its business lines during the half year.

Campbell Brothers Managing Director, Greg Kilmister said the results were attributable to all divisions within ALS improving both revenue and contribution over the previous corresponding period.

“Whilst the performance of the minerals division of ALS has continued to benefit from both market growth and capacity increases, it was pleasing that the total growth in the environmental, coal, tribology and food divisions kept pace with the growth achieved in minerals during the six months.

“The consistent improvement across all ALS divisions reinforces the value of the renewed focus resulting from the April restructuring of the laboratory business along divisional lines. Acquisitions made in calendar 2007 continue to perform in line with expectations”, he said.

“While sample flows have remained strong during October and November 2008, directors are conscious of the possible effects of a slowing world economy on future workflows. The structures and systems supporting the Group’s global laboratory network will enable the business to manage the impact of any changes in future sample flows”, he added.

Mr Kilmister said ALS is continuing to invest in future growth through acquisitions.

“During the half year ended 30 September 2008, ALS acquired two laboratory groups; IQA Laboratory Co., Ltd, the premier food/environmental analysis laboratory in Thailand based in Bangkok with 170 staff and Staveley Services North America Inc, a leading fluid analysis group based in the US, servicing the North American market from 10 locations.

“On 31 October 2008, ALS acquired DataChem Laboratories, Inc, an environmental analytical laboratory group based in Salt Lake City, with 180 employees and laboratories located in Washington, Utah, Colorado and Ohio”, he said.

The Chemicals division delivered pleasing revenue and contribution improvements in difficult economic conditions during the half year.

“The Industrial Chemical business unit produced improved margins and profitability as a result of high demand for its imported raw chemical products and a disciplined approach to the management of overheads”, Mr Kilmister said.

“Panamex Pacific performed well in the face of very mixed market conditions across the Pacific Islands, USA and PNG”, he added.

The division 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 environments.

Reward Distribution experienced a fall in both revenue and contribution during the six months to September 2008.



Mr Kilmister said the business has suffered reduced revenues from the general softening in tourism and hospitality markets during 2008. Revenues also fell as the company 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”, he added.

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