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release

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Campbell Bros produces record half year performance

Campbell Brothers Limited (ASX Code: CPB) today announced that the Group achieved a record interim net profit after tax of \$66.25 million in the half year to September 2010.

The result was up 73% on the previous corresponding period and was generated from revenue of \$547.53 million, up 37% on the September 2009 half.

Campbell Brothers Chairman, Geoff McGrath said the record performance was achieved despite the dampening effect of a stronger Australian dollar on foreign earnings translation, and reflects both a recovery in business conditions and the Group's preparation for that recovery.

"Investments in strategic acquisitions and increased operational capacity during the year to March 2010 established a platform from which the Group was able to take advantage of a significant growth in business volumes".

"In particular the recovery in global mineral exploration activity lifted demand for the analytical testing services provided by the ALS Minerals division, which experienced a 56% increase in revenue over the September 2009 half" Mr McGrath added.

The ALS Environmental and ALS Coal divisions recorded very strong revenue growth on the previous corresponding period. The new ALS Industrial division (formed following the acquisition of industrial services company PearlStreet in January 2010) generated revenue in excess of \$57 million for the half year.

In accordance with changes to accounting standard AASB3 *Business Combinations*, transaction costs associated with acquisitions amounting to \$2.34 million (pre-tax) have been expensed in the profit and loss statement during the current half year. In prior periods such costs were capitalised as part of purchase consideration.

"Trading in October and November has remained very strong and the Company expects the full year after tax profit excluding unusual items will be in the range of \$120 to \$130 million", Mr McGrath said.

Directors have declared a partly franked (50%) interim dividend of 65 cents per share, payable on all ordinary shares on issue, including new shares issued pursuant to the Company's recent takeover of Ammtec Limited (2009: 45 cents, partly franked to 50%).

The dividend will be paid on 21 December 2010 on all shares registered in the Company's register at the close of business on 9 December 2010. The dividend reinvestment plan discount will be 5.0 % (2009: 7.5%).



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The company's funding position remains very strong following the successful rights issue in November 2009, the recent successful debt raising in the US private placement market (see details later in this release), and the fact that approximately 75 percent of the Ammtec acquisition consideration was in Campbell Brothers scrip. The Company advises that the dividend reinvestment plan will be suspended following payment of the interim dividend until further notice.

Results of each of the Company's business segments are:

Financial Results	Revenue			Contribution		
	H12011	H12010	+ / -	H12011	H12010	+ / -
<i>In thousands of AUD</i>						
ALS Minerals	152,697	97,630	+56.4%	53,089	24,629	+115.6%
ALS Environmental	155,668	119,055	+30.8%	35,305	26,015	+35.7%
ALS Coal	36,150	31,180	+15.9%	8,725	8,502	+2.6%
ALS Tribology	15,852	15,435	+2.7%	1,901	2,683	-29.1%
ALS Industrial	57,452	-	-	6,979	-	-
Campbell Chemicals	74,058	79,137	-6.4%	4,436	4,074	+8.9%
Reward Distribution	58,638	61,300	-4.3%	(1,755)	2,140	-182.0%
Eliminations*	(2,985)	(2,831)	-	-	-	-
Total segments	547,530	400,906	+36.6%	108,680	68,043	+59.7%
Net profit after tax				66,252	38,259	+73.2%

*Intersegment revenue is generated by Campbell Chemicals from sales to other segments

Campbell Brothers Managing Director, Greg Kilmister said that a recovery in global mineral exploration activity lifted demand for the analytical services provided by ALS Minerals division, with all regions recording increased revenue over the September 2009 half year.

"Contribution margin as a percentage of revenue improved significantly across the Division, demonstrating a disciplined management of variable costs during a period of strong growth in business volumes.

"The ALS Environmental division performed strongly during the period securing important government project work in a number of countries. The Australian region now includes an expanded presence in the Australian water services sector following the acquisition of Ecowise Environmental in November 2009", he added.

The ALS Coal division benefitted from increasing levels of export activity driven by higher coal prices and improving industry sentiment, particularly in the Australian business. Inconsistent workflows in other regions resulted in a slightly lower global contribution margin on revenue.

The ALS Tribology division was affected by a stronger Australian dollar which softened the translation of revenue and contribution earned by the North American region which dominates this division. The disappointing fall in contribution margin is the focus of management's attention in the second half.



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The new ALS Industrial division, which provides testing and inspection services to the energy, resources and infrastructure sectors, performed ahead of expectations during the half year and continues to be the leader in its field.

Campbell Chemicals recorded an improved segment contribution despite a small contraction in revenue, realising benefits from a stronger Australian dollar and operational efficiencies.

“Cleantec, Deltrex and Panamex all generated improved gross sales margins in most regions in which they operate. Campbell Chemicals will be restructured during the second half following the sale of the Cleantec business unit in December 2010” Mr Kilmister said.

The Reward Distribution hospitality supplies business delivered a disappointing result for the half year to September 2010, generating lower revenue and contributing a loss in an environment characterised by tight tourism and hospitality markets, strong price competition and the continuing reassessment of target markets.

“The business has experienced improving sales volumes in September and October as a result of seasonal trends and by securing a number of important national sales contracts. An improved performance is expected from Reward in the second half” Mr Kilmister said.

On 12 November 2010, the Company closed its cash and scrip offer for all of the issued capital in Ammtec Limited, a Perth-based, ASX-listed company. The Company now holds 97.34% of Ammtec’s ordinary shares, acquired for a combined consideration of \$157 million. A compulsory acquisition notice was lodged with the ASX on 10 November 2010 in respect of Ammtec ordinary shares for which acceptances had not been received by the closing date. Ammtec provides metallurgical services, specialised engineering technology and resin technology to the global mining industry.

On 17 November 2010, the Company’s agreement to divest the Cleantec arm of Campbell Chemicals division to Ecolab Pty Ltd received clearance from the Australian Competition and Consumer Commission. The sale is due to complete on 1 December 2010. The financial effect of the transaction has not been brought to account in this interim result, but will be recognised in the annual financial statements for the year ending 31 March 2011. The sale of the Cleantec business is expected to generate a pre-tax gain of approximately eight million dollars. This expected gain is not included in the full year after tax earnings guidance.

In October 2010 the Company accepted offers from investors in the US Private Placement debt market to purchase senior unsecured notes with terms ranging from 7 – 10 years and a total face value of \$153 million. The notes are to be issued on 7 December 2010 and the proceeds will primarily be directed towards repayment of various bank loan liabilities which mature over the next six months.

ENDS:

For further information:

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