

Campbell Brothers Limited

Half Year Review

6 Months to 30 September 2010



**CAMPBELL BROTHERS
LIMITED**

Review of half year

Ended 30 September 2010

Campbell Brothers achieved a record interim net profit after tax (attributable to equity holders) 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).

This 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.

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 revised accounting standard AASB3 Business Combinations which applied to the Group from 1 April 2010, 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 included as part of the cost of acquisition.

Directors have declared a partly franked (50%) interim dividend of 65 cents per share, payable on all ordinary shares 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%).

The Company advises that the dividend reinvestment plan will be suspended following payment of the interim dividend until further notice.

The Group has seven reportable segments, representing seven distinct strategic business units. Results of each of the Company's business segments were:

Recent Activity

Ammtec acquisition

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 metallurgical and mineral testing consultancy 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.

Cleantec divestment

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 financial effect of the transaction, which is due to complete on 1 December 2010, has not been brought to account in the Company's interim result for the half year ended 30 September 2010. It will be recognised in the annual financial statements for the year ending 31 March 2011 and is expected to result in recognition of a pre-tax gain on sale of approximately \$8 million.

US Private Placement debt issue

In October 2010 the Company accepted offers from investors in the US Private Placement debt market to purchase senior unsecured notes with terms of 7 – 10 years and a total face value of AUD153 million. The notes are to be issued on 7 December 2010 and the proceeds will be directed primarily towards repayment of various bank loan liabilities which mature over the next six months.





The ALS Group is a global leader in the provision of analytical laboratory and technical services to international minerals, environmental, coal, tribology (used oil) and industrial markets with additional technical services provided in the areas of food, pharmaceutical, microbiology, electronics, ecotoxicology, occupational health and air quality. An overview of the main ALS divisions are as follows:



ALS Minerals

ALS Minerals provides assaying and analytical testing services for global mining and mineral exploration companies.

| | H12011 \$000 | H12010 \$000 | Increase |
|--|-----------------|-----------------|----------|
| Revenue | 152,697 | 97,630 | 56.4% |
| Segment Contribution | 53,089 | 24,629 | 115.6% |
| Margin (segment contribution to revenue) | 34.8% | 25.2% | |

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.

ALS Group



ALS Environmental

ALS Environmental provides analytical testing data to assist consulting and engineering firms, industry, and governments around the world in making informed decisions about their environmental projects.

| | H12011 \$000 | H12010 \$000 | Increase |
|--|-----------------|-----------------|----------|
| Revenue | 155,668 | 119,055 | 30.8% |
| Segment Contribution | 35,305 | 26,015 | 35.7% |
| Margin (segment contribution to revenue) | 22.7% | 21.9% | |

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).



ALS Coal

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

| | H12011 000 | H12010 \$000 | Increase |
|--|---------------|-----------------|----------|
| Revenue | 36,150 | 31,180 | 15.9% |
| Segment Contribution | 8,725 | 8,502 | 2.6% |
| Margin (segment contribution to revenue) | 24.1% | 27.3% | |

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

ALS Group



ALS Tribology

ALS Tribology provides analysis of lubricating oil from a wide variety of mechanical equipment for preventative maintenance purposes.

| | H12011 \$000 | H12010 \$000 | Increase/ (Decrease) |
|--|-----------------|-----------------|-------------------------|
| Revenue | 15,852 | 15,435 | 2.7% |
| Segment Contribution | 1,901 | 2,683 | (29.1)% |
| Margin (segment contribution to revenue) | 12.0% | 17.4% | |

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



ALS Industrial

ALS Industrial provides the energy, resources and infrastructure sectors with testing, inspection and asset care services.

| | H12011 \$000 | H12010 \$000 |
|--|-----------------|-----------------|
| Revenue | 57,452 | - |
| Segment Contribution | 6,979 | - |
| Margin (segment contribution to revenue) | 12.1% | - |

The new ALS Industrial division (formed following the acquisition of PearlStreet in January 2010) performed ahead of expectations during the half year and continues to be the leader in its field, providing testing and inspection services to the energy, resources and infrastructure sectors.

Campbell Chemicals



Campbell Chemicals manufactures and distributes cleaning agents and chemicals for both domestic and industrial customers throughout Australia and the Pacific.

| | H12011 \$000 | H12010 \$000 | Increase/ (Decrease) |
|--|-----------------|-----------------|-------------------------|
| Revenue | 74,058 | 79,137 | (6.4)% |
| Segment Contribution | 4,436 | 4,074 | 8.9% |
| Margin (segment contribution to revenue) | 6.0% | 5.1% | |

Despite a small contraction in revenue, Campbell Chemicals recorded an improved segment contribution, 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 disposal of the Cleantec business unit in December 2010.

Reward Distribution



The Reward Distribution Group distributes chemicals, paper, tableware, kitchenware and associated non-food consumables to the healthcare, building services, hospitality and leisure industries across Australia and New Zealand.

| | H12011 \$000 | H12010 \$000 | (Decrease) |
|--|-----------------|-----------------|------------|
| Revenue | 58,638 | 61,300 | (4.3)% |
| Segment Contribution | (1,755) | 2,140 | (182.0)% |
| Margin (segment contribution to revenue) | (3.0)% | 3.5% | |

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 2010 as a result of seasonality and by securing a number of important national sales contracts. An improved performance is expected from Reward in the second half.

Financial Summary

Half Year Ended 30 September

| | H12011 \$000 | H12010 \$000 | Change |
|--|-----------------|-----------------|---------------|
| Revenue | 547,530 | 400,906 | +36.6% |
| Profit before financing costs and income tax | 100,038 | 59,553 | |
| Less: Acquisition costs* | 2,341 | - | |
| Less: Net financing costs | 5,263 | 5,786 | |
| Less: Income tax expense | 26,197 | 15,460 | |
| Profit after income tax | 66,237 | 38,307 | +72.9% |
| (Profit)/Loss attributable to minority interests | 15 | (48) | |
| Profit after tax attributable to equity holders | 66,252 | 38,259 | +73.2% |
| Issued Capital | 471,626 | 253,557 | |
| Total Equity | 667,242 | 420,340 | |
| Dividend per Share (cents) ⁽¹⁾ | 65.0 | 45.0 | |
| Earnings Per Share (cents) | 104.54 | 69.19 | |
| Weighted average number of ordinary shares | 63,376,827 | 55,298,254 | |
| Net Debt ⁽²⁾ | 145,416 | 206,242 | |
| Gearing Ratio (%) ⁽³⁾ | 17.9 | 32.9 | |
| Interest Cover (times) | 18.6 | 10.3 | |

(1) 50% franked (2) Debt/overdraft – Cash (3) Net Debt/(Net Debt + Total Equity)

* In accordance with revised accounting standard AASB3 **Business Combinations**, which applied to the Group from 1 April 2010, transaction costs associated with acquisitions have been expensed in the profit and loss statement during the current half year. In prior periods such costs were included as part of the cost of acquisition.

Financial Calendar 2010/2011

| | |
|---|---------------|
| Year End | 31 March 2011 |
| Full Year Results and Dividend Announcement | 24 May 2011 |
| Record Date for Final Dividend and DRP | 10 June 2011 |
| Annual Report Released and Notice of Meeting Mailed | 24 June 2011 |
| Final Dividend Payment Date | 1 July 2011 |
| AGM | 26 July 2011 |

Note: Dates subject to alteration

Analysts

- RBS Morgans
- JP Morgan Securities
- Foster Stockbroking
- Macquarie Equities
- Deutsche Bank
- Ord Minnett
- Credit Suisse
- UBS Securities Australia
- Hunter Green Institutional Broking
- Taylor Collinson
- Morgan Stanley
- Moelis Securities

Shareholder Information

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

Share Registry

To update and manage your shareholding, go to www-au.computershare.com and login to Investor Centre to make changes.

Any questions concerning your CBL shareholding, please contact our Share registry at:

Computershare Investor Services Pty Ltd

GPO Box 523

Brisbane Qld 4001

Toll free: 1300 552 270 (within Australia)

Phone: +61 3 9415 4000 (outside Australia)

Fax: +61 7 3229 9860

Internet at: www.computershare.com.

Email: queries@computershare.com.au

Annual Reports

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

Changing Your Address?

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

Direct Deposit of Dividends into Bank Account

You can choose to have your CBL dividends paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Details will then be confirmed by an advice mailed to you on that date. Please contact Computershare Investor Services for an Application Form.

Dividend Reinvestment Plan (DRP)

The DRP has been suspended until further notice.



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