



Campbell Brothers Limited

ABN 92 009 657 489

Interim Financial Report

for the Half Year Ended 30 September 2011

(including additional ASX Appendix 4D disclosures)

# **Campbell Brothers Limited and its subsidiaries**

## **Interim Financial Report for the Half Year Ended 30 September 2011**

### **Contents**

- Results for announcement to the market (including required Appendix 4D information)
- Directors' half-year report
- Consolidated interim financial report for the half year ended 30 September 2011

The attached Interim Financial Report for the half-year ended 30 September 2011 forms part of this document. This half yearly report is to be read in conjunction with the Campbell Brothers Limited 2011 Annual Financial Report and the notes contained therein.

# Campbell Brothers Limited and its subsidiaries

## Results for announcement to the market For the half-year ended 30 September 2011 Appendix 4D

(Previous corresponding period: half-year ended 30 September 2010)

<b>\$'000</b>				
Revenue from ordinary activities	Up	21.9%	to	667,546
Profit from ordinary activities after tax attributable to members	Up	54.5%	to	102,342
Net profit for the period attributable to members	Up	54.5%	to	102,342

### Dividends

	Amounts per security	Franked amount per security
Interim dividend *	95.0c	47.5c
Previous corresponding period	65.0c	32.5c

\*Payable on all ordinary shares

Record date for determining entitlements to the interim dividend: 13 December 2011

The last date for receipt of election notices for the company DRP:

N/A – The company's dividend reinvestment plan is currently suspended.

### Additional dividend information:

Details of dividends declared or paid during or subsequent to the half-year ended 30 September 2011 are as follows:

Record date	Payment date	Type	Amount per Security	Total dividend \$'000	Franked amount per Security	Conduit foreign income per security
10 June 2011	1 July 2011	Final 2011	75 cents	50,628	37.5 cents	37.5 cents
13 December 2011	19 December 2011	Interim 2012	95 cents	64,128	47.5 cents	47.5 cents

### Other financial information:

	Current period	Previous corresponding period
Basic earnings per ordinary share	\$1.52	\$1.05
Net tangible assets per ordinary share	\$2.51	\$4.40

The unqualified review report of the company's auditors, KPMG, is attached to this document and highlights no areas of dispute.

Sign here:



**Company Secretary**  
Tim Mullen

Date: 29/11/2011



Campbell Brothers Limited

ABN 92 009 657 489

Interim Financial Report  
for the Half Year Ended 30 September 2011

# Campbell Brothers Limited and its subsidiaries

## Directors' report

For the half year ended 30 September 2011

The directors present their report together with the consolidated interim financial report for the half year ended 30 September 2011 and the auditor's review report thereon.

### Directors

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

#### **GEOFFREY J McGRATH MIIE.**

**Chairman and Independent Non-Executive Director Age 69**

Appointed a director in 2003 and appointed chairman in 2004.

#### **GREG F KILMISTER B Sc (Hons), FRACI, MAIG**

**Managing Director and Chief Executive Officer Age 55**

Appointed Managing Director and Chief Executive in 2005.

#### **NEROLIE WITHNALL BA, LLB, FAICD**

**Independent Non-Executive Director Age 67**

Appointed 1994.

#### **RAYMOND G HILL FAICD**

**Independent Non-Executive Director Age 69**

Appointed 2003.

#### **BRUCE R BROWN B Com, AAUQ, FAICD**

**Independent Non-Executive Director Age 67**

Appointed 2005.

#### **MELVYN J BRIDGES B AppSc, FAICD**

**Independent Non-Executive Director Age 61**

Appointed 2009.

#### **GRANT B MURDOCH M COM (Hons), FAICD, FCA**

**Independent Non-Executive Director Age 60**

Appointed 1 September 2011.

#### **MARTIN D KRIEWALDT BA, LLB (Hons), FAICD**

**Former Independent Non-Executive Director Age 62**

Appointed 2001.

Retired 26 July 2011.

# Campbell Brothers Limited and its subsidiaries

## Directors' Report

For the half-year ended 30 September 2011

### Review and results of operations

#### Net profit

Directors are pleased to report that the Group achieved a record interim net profit after tax (attributable to equity holders of the Company) of \$102.3 million in the half year to September 2011, in line with recent guidance provided to the market. The result was up 54% on the previous corresponding period and was generated from revenue of \$667.5 million (up 22% on the September 2010 half).

All divisions within the ALS laboratory services business recorded increased profit contributions and margins over the previous corresponding period (refer page 3). In particular, strong growth in global mineral exploration activity lifted demand for the analytical testing services provided by ALS Minerals division. Increased sample flow, combined with earnings generated by Ammtec (acquired November 2010) and Stewart Group (acquired July 2011) served to deliver a 79% increase in segment profit contribution over the September 2010 half-year. ALS Environmental division delivered strong gains in revenue and profit contribution, particularly within the Australian and North American regions.

ALS' Coal, Tribology and Industrial divisions all recorded solid growth in earnings compared with the previous corresponding period and the Reward Distribution hospitality supplies division returned to profitability during the September 2011 half.

The translation of foreign earnings was impacted by a stronger Australian dollar during the period. The average exchange rate against the US dollar was USD1.06 for the September 2011 half-year (previous corresponding period: USD0.90).

Directors have declared a partly franked (50%) interim dividend of 95 cents per share, payable on all ordinary shares (2010: 65 cents, partly franked to 50%). It will be paid on 19 December 2011 on all shares registered in the Company's register at the close of business on 13 December 2011. The Company's dividend reinvestment plan remains suspended.

In thousands of AUD

	<b>Half year to 30 September 2011</b>	<b>Half year to 30 September 2010</b>
Revenue	667,546	547,530
Profit before acquisition costs, financing costs and income tax	150,705	100,038
Acquisition costs	(607)	(2,341)
Net financing costs	(6,151)	(5,263)
Income tax expense	(41,374)	(26,197)
Profit after income tax	102,573	66,237
Net (profit) / loss attributable to minority interests	(231)	15
Profit after tax attributable to equity holders of the Company	102,342	66,252
<b>Earnings per share</b>		
Basic earnings per share	151.61c	104.54c
Diluted earnings per share	151.34c	104.34c

# Campbell Brothers Limited and its subsidiaries

## Directors' Report

For the half-year ended 30 September 2011

### Review and results of operations (continued)

Contributions from business segments were as follows:

ALS Minerals	2011 \$'000	2010 \$'000	Increase
Revenue	267,674	152,697	75.3%
Segment contribution	95,016	53,089	79.0%
Margin (segment contribution to revenue)	35.5%	34.8%	

Strong growth in global mineral exploration activity led to ALS Minerals division processing a record number of samples during the half-year to September 2011. Investments in increased operational capacity over the past two years enabled the business to service this growth successfully. The interim financial results of the division were boosted by contributions from Ammtec (acquired November 2010; Revenue \$39,053,000 and Contribution \$7,238,000) and Stewart Group (acquired July 2011; Revenue \$21,096,000 and Contribution \$5,834,000).

ALS Environmental	2011 \$'000	2010 \$'000	Increase
Revenue	173,034	155,668	11.2%
Segment contribution	40,016	35,305	13.3%
Margin (segment contribution to revenue)	23.1%	22.7%	

The Australian and North American regions of ALS Environmental posted strong growth in revenue and profit contribution during the period, primarily the result of winning new contracts and clients. It is anticipated that additional project work will deliver improved financial results for other geographies in the division in the second half.

ALS Coal	2011 \$'000	2010 \$'000	Increase
Revenue	39,393	36,150	9.0%
Segment contribution	9,630	8,725	10.4%
Margin (segment contribution to revenue)	24.4%	24.1%	

Contracts for new work in the South African and Canadian operations of ALS Coal division delivered improved revenue and margin performance in those regions during the period. The Australian business performed in line with the previous corresponding half-year, recovering well from natural disasters which contributed to a slow start to the year.

ALS Tribology	2011 \$'000	2010 \$'000	Increase / (Decrease)
Revenue	15,143	15,852	(4.5%)
Segment contribution	2,823	1,901	48.5%
Margin (segment contribution to revenue)	18.6%	12.0%	

Whilst all regions within the ALS Tribology division generated improved revenue and segment contribution as measured in local currencies, exchange rate differences resulted in lower reported sales revenue when translated into Australian dollars. A focus on cost management produced significant margin improvement particularly in the North American business.

ALS Industrial	2011 \$'000	2010 \$'000	Increase
Revenue	60,240	57,452	4.9%
Segment contribution	8,252	6,979	18.2%
Margin (segment contribution to revenue)	13.7%	12.1%	

ALS Industrial division produced improved revenue and margin performance during the half year, despite the divestment of its asset management business unit in July 2011. The acquisition of Austpower Engineering in October 2011 will significantly increase the division's presence in the power generation sector and strengthens its position in providing asset care services to the power, oil & gas, resources and infrastructure industries in Australia.

# Campbell Brothers Limited and its subsidiaries

## Directors' Report

For the half-year ended 30 September 2011

### Review and results of operations (continued)

Campbell Chemicals	2011 \$'000	2010 \$'000	Increase/ (Decrease)
Revenue	45,490	74,058	(38.6%)
Segment contribution	3,304	4,436	(25.5%)
Margin (segment contribution to revenue)	7.3%	6.0%	

Campbell Chemicals division generated lower revenue and contribution levels during the period; the fall being directly attributable to the sale of the Cleantec business unit in December 2010. Excluding the direct impact of the divestment, the division's revenue and segment contribution grew by 2.4% and 4.7% respectively compared with the previous corresponding period.

Reward Distribution	2011 \$'000	2010 \$'000	Increase
Revenue	66,572	58,638	13.5%
Segment contribution	2,008	(1,755)	n/a
Margin (segment contribution to revenue)	3.0%	(3.0%)	

The Reward Distribution hospitality supplies business returned to profitability during the half year to September 2011, following the implementation of a revised approach to product markets, brands and the division's operational cost base.

### Events subsequent to balance date

#### Austpower acquisition:

On 13 October 2011, the Group acquired Austpower Engineering for \$28 million plus a potential future earn-out depending on financial performance over the next two years. Austpower is an industrial inspection and engineering business, based in Newcastle NSW, providing advanced inspection services to the power generation industry in Australia and will be part of the ALS Industrial division. The acquisition serves to strengthen ALS Industrial's position as the premier provider of advanced technology, engineering-led, asset care services to the power, oil & gas, resources and infrastructure sectors in Australia.

#### Columbia Analytical Services acquisition:

On 31 October 2011, the Group acquired US-based environmental, food and pharmaceutical testing company Columbia Analytical Services (CAS) for \$34 million (AUD equivalent). CAS is based in Kelso, Washington State and operates six laboratories across the United States. The acquisition positions ALS Environmental as the number two US environmental group by revenue and establishes a small foothold for the Group in food and pharmaceutical testing in the USA – an important step in the strategy to develop a global business in this sector.

#### Bank loan re-financing:

In November 2011 the Group executed loan facility agreements with a number of Australian and Canadian banks. These floating rate facilities replace existing facilities maturing on or before 31 May 2012 and provide the Group with committed bank loan funding lines totalling AUD 201,064,000 for three years maturing in November 2014 (refer note 7).

Currency	Amount (\$'000)	AUD equivalent (\$'000)
AUD	160,000	160,000
USD	40,000	41,064

Other than the matters discussed above, there has not arisen in the interval between the end of the half-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 subsequent financial periods.

# Campbell Brothers Limited and its subsidiaries

## Directors' Report

For the half-year ended 30 September 2011

### Lead auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 20 and forms part of the Directors' Report for the half-year ended 30 September 2011.

### Rounding off

The entity 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  
29 November 2011



G F Kilmister  
Managing Director

Brisbane  
29 November 2011



# Campbell Brothers Limited and its subsidiaries

## Interim profit and loss statement

For the half-year ended 30 September 2011

*In thousands of AUD*

	<b>Consolidated</b>	
	<b>30 September 2011</b>	<b>30 September 2010</b>
Revenue from sale of goods	112,022	131,617
Revenue from rendering of services	555,524	415,913
	<b>667,546</b>	<b>547,530</b>
Other income	1,400	648
Changes in inventories of finished goods and work in progress	10,978	9,160
Raw materials and consumables purchased	(131,059)	(118,954)
Employee expenses	(244,817)	(201,797)
Warehousing and distribution costs	(15,176)	(14,058)
Amortisation and depreciation	(21,881)	(21,185)
Selling expenses	(6,417)	(5,973)
Administration and other expenses	(110,534)	(97,511)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	58	(163)
<b>Profit before financing costs and income tax</b>	<b>150,098</b>	<b>97,697</b>
Finance income	955	287
Finance expense	(7,106)	(5,550)
<b>Net finance expense</b>	<b>(6,151)</b>	<b>(5,263)</b>
<b>Profit before income tax</b>	<b>143,947</b>	<b>92,434</b>
Income tax expense	(41,374)	(26,197)
<b>Profit for the period</b>	<b>102,573</b>	<b>66,237</b>
<b>Attributable to:</b>		
Equity holders of the Company	102,342	66,252
Non-controlling interest	231	(15)
<b>Profit for the period</b>	<b>102,573</b>	<b>66,237</b>
Basic earnings per share	151.61c	104.54c
Diluted earnings per share	151.34c	104.34c

The interim profit and loss statement is to be read in conjunction with the notes to the interim financial report set out on pages 12 to 17.

# Campbell Brothers Limited and its subsidiaries

## Interim statement of comprehensive income

For the half-year ended 30 September 2011

*In thousands of AUD*

	Consolidated	
	30 September 2011	30 September 2010
<b>Profit for the period</b>	102,573	66,237
<b>Other comprehensive income *</b>		
Foreign exchange translation differences	(8,184)	(11,054)
Gain/(loss) on hedge of net investments in foreign subsidiaries	4,038	772
Net gain/(loss) on cash flow hedges taken to equity	(871)	1,163
<b>Other comprehensive income for the period, net of income tax</b>	(5,017)	(9,119)
<b>Total comprehensive income for the period</b>	97,556	57,118
<b>Attributable to:</b>		
Equity holders of the company	97,325	57,133
Non-controlling interest	231	(15)
<b>Total comprehensive income for the period</b>	97,556	57,118

\* All movements in comprehensive income are disclosed net of applicable income tax.

The interim statement of comprehensive income is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 17.

# Campbell Brothers Limited and its subsidiaries

## Interim balance sheet

As at 30 September 2011

*In thousands of AUD*

	Note	Consolidated	
		30 September 2011	31 March 2011
<b>Current Assets</b>			
Cash and cash equivalents		89,731	87,123
Trade and other receivables		250,814	193,484
Inventories		74,526	64,119
Other		17,187	11,861
<b>Total current assets</b>		<b>432,258</b>	<b>356,587</b>
<b>Non-current assets</b>			
Receivables		1,729	4,909
Investments accounted for using the equity method		17,562	17,134
Investment property		11,155	11,139
Deferred tax assets		12,724	13,395
Property, plant and equipment		303,169	265,131
Intangible assets		703,479	503,490
Other financial assets		8,687	162
<b>Total non-current assets</b>		<b>1,058,505</b>	<b>815,360</b>
<b>Total assets</b>		<b>1,490,763</b>	<b>1,171,947</b>
<b>Current Liabilities</b>			
Bank overdraft		414	3,135
Trade and other payables		107,302	95,721
Loans and borrowings	7	53,096	42,782
Income tax payable		17,504	13,581
Employee benefits		34,567	31,449
<b>Total current liabilities</b>		<b>212,883</b>	<b>186,668</b>
<b>Non-current liabilities</b>			
Loans and borrowings	7	396,824	152,680
Deferred tax liabilities		1,626	1,681
Employee benefits		2,704	2,788
Other		3,574	2,610
<b>Total non-current liabilities</b>		<b>404,728</b>	<b>159,759</b>
<b>Total liabilities</b>		<b>617,611</b>	<b>346,427</b>
<b>Net assets</b>		<b>873,152</b>	<b>825,520</b>
<b>Equity</b>			
Share capital		610,382	610,382
Reserves		(35,485)	(30,315)
Retained earnings		295,228	243,974
<b>Total equity attributable to equity holders of the company</b>		<b>870,125</b>	<b>824,041</b>
<b>Non-controlling interest</b>		<b>3,027</b>	<b>1,479</b>
<b>Total equity</b>		<b>873,152</b>	<b>825,520</b>

The interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 17.

## Campbell Brothers Limited and its subsidiaries

### Interim statement of changes in equity

For the half-year ended 30 September 2011

*In thousands of AUD*

	Consolidated							
	Share Capital	Foreign Currency Translation	Hedging reserve	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 1 April 2011	610,382	(33,020)	871	1,834	243,974	824,041	1,479	825,520
<b>Total comprehensive income for the period</b>								
Profit or loss	-	-	-	-	102,342	102,342	231	102,573
<b>Other comprehensive income</b>								
Foreign exchange translation differences	-	(8,184)	-	-	-	(8,184)	-	(8,184)
Gain/(loss) on hedge of net investments in foreign subsidiaries	-	4,038	-	-	-	4,038	-	4,038
Net gain/(loss) on cash flow hedges taken to equity	-	-	(871)	-	-	(871)	-	(871)
Total other comprehensive income	-	(4,146)	(871)	-	-	(5,017)	-	(5,017)
Total comprehensive income for the period	-	(4,146)	(871)	-	102,342	97,325	231	97,556
<b>Transactions with equity holders, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends to equity holders	-	-	-	-	(50,628)	(50,628)	(718)	(51,346)
Share-settled performance rights awarded during the period	-	-	-	605	-	605	-	605
Share-settled performance rights vested during the period	-	-	-	(758)	(460)	(1,218)	-	(1,218)
Non-controlling interest ownership of subsidiary acquired	-	-	-	-	-	-	2,035	2,035
Total contributions by and distributions to owners	-	-	-	(153)	(51,088)	(51,241)	1,317	(49,924)
Balance at 30 September 2011	610,382	(37,166)	-	1,681	295,228	870,125	3,027	873,152

## Campbell Brothers Limited and its subsidiaries

### Interim statement of changes in equity (continued)

For the half-year ended 30 September 2010

*In thousands of AUD*

	Share Capital	Foreign Currency Translation	Hedging reserve	Consolidated Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 1 April 2010	456,734	(17,889)	(1,169)	859	189,772	628,307	1,437	629,744
<b>Total comprehensive income for the period</b>								
Profit or loss	-	-	-	-	66,252	66,252	(15)	66,237
<b>Other comprehensive income</b>								
Foreign exchange translation differences	-	(11,054)	-	-	-	(11,054)	-	(11,054)
Gain/(loss) on hedge of net investments in foreign subsidiaries	-	772	-	-	-	772	-	772
Net gain/(loss) on cash flow hedges taken to equity	-	-	1,163	-	-	1,163	-	1,163
Total other comprehensive income	-	(10,282)	1,163	-	-	(9,119)	-	(9,119)
Total comprehensive income for the period	-	(10,282)	1,163	-	66,252	57,133	(15)	57,118
<b>Transactions with equity holders, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends to equity holders	-	-	-	-	(34,628)	(34,628)	-	(34,628)
Shares issued under dividend reinvestment plan (557,524 ordinary shares at \$26.71 per share)	14,892	-	-	-	-	14,892	-	14,892
Share-settled performance rights awarded during the period	-	-	-	116	-	116	-	116
Total contributions by and distributions to owners	14,892	-	-	116	(34,628)	(19,620)	-	(19,620)
Balance at 30 September 2010	471,626	(28,171)	(6)	975	221,396	665,820	1,422	667,242

The interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 17.

# Campbell Brothers Limited and its subsidiaries

## Interim statement of cash flows

For the half-year ended 30 September 2011

*In thousands of AUD*

	<b>Consolidated</b>	
	<b>30 September 2011</b>	<b>30 September 2010</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	681,525	559,884
Cash paid to suppliers and employees	(563,071)	(472,399)
Cash generated from operations	118,454	87,485
Interest paid	(7,106)	(5,550)
Interest received	955	287
Income taxes paid	(29,435)	(17,631)
<b>Net cash from operating activities</b>	<b>82,868</b>	<b>64,591</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(45,369)	(41,750)
Payments for investments	-	(7,496)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	(134,788)	(2,777)
Proceeds from sale of subsidiary	4,130	-
Loans to associates	(865)	-
Dividend from associate	510	1,471
Proceeds from sale of other non-current assets	738	260
<b>Net cash used in investing activities</b>	<b>(175,644)</b>	<b>(50,292)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	268,248	15,000
Repayment of borrowings	(117,746)	(449)
Lease payments	(1,532)	(1,348)
Lease receipts	-	416
Dividends paid	(51,308)	(19,634)
<b>Net cash from (used in) financing activities</b>	<b>97,662</b>	<b>(6,015)</b>
Net movement in cash and cash equivalents	4,886	8,284
Cash and cash equivalents at 1 April	83,988	57,918
Effect of exchange rate fluctuations on cash held	443	(1,197)
<b>Cash and cash equivalents at 30 September</b>	<b>89,317</b>	<b>65,005</b>

The interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 17.

# Campbell Brothers Limited and its subsidiaries

## Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2011

### 1. Reporting entity

Campbell Brothers Limited (the "Company") is a company domiciled in Australia. The interim financial report of the Company as at and for the six months ended 30 September 2011 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 31 March 2011 is available upon request from the Company's registered office at Level 2, 299 Coronation Drive, Milton Qld 4064 or at [www.campbell.com.au](http://www.campbell.com.au).

### 2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 March 2011.

This consolidated interim financial report was approved by the Board of Directors on 29 November 2011.

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

### 3. Significant accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 March 2011.

### 4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 March 2011.

### 5. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 March 2011.

# Campbell Brothers Limited and its subsidiaries

## Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2011

### 6. Segment reporting

The Group has 7 reportable segments, as described below, representing 7 distinct strategic business units each of which are managed separately and offer different products and services. For each of the strategic business units, the CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- ALS Minerals - provides assaying and analytical testing services and metallurgical services for mining and mineral exploration companies.
- 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.
- ALS Coal - provides specialist services to the coal industry such as coal sampling and analysis and certification of export cargoes.
- ALS Tribology - provides analysis of lubricating oil from a wide variety of mechanical equipment for preventative maintenance purposes.
- ALS Industrial – provides the energy, resources and infrastructure sectors with testing, inspection and asset care 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.

*In thousands of AUD*

	Revenue		Contribution		Segment margin*	
	2011	2010	2011	2010	2011	2010
ALS Minerals**	267,674	152,697	95,016	53,089	35.5%	34.8%
ALS Environmental	173,034	155,668	40,016	35,305	23.1%	22.7%
ALS Coal	39,393	36,150	9,630	8,725	24.4%	24.1%
ALS Tribology	15,143	15,852	2,823	1,901	18.6%	12.0%
ALS Industrial	60,240	57,452	8,252	6,979	13.7%	12.1%
Campbell Chemicals***	45,490	74,058	3,304	4,436	7.3%	6.0%
Reward Distribution	66,572	58,638	2,008	(1,755)	3.0%	(3.0%)
Eliminations****	-	(2,985)	-	-	-	-
<b>Total Reportable Segments</b>	<b>667,546</b>	<b>547,530</b>	<b>161,049</b>	<b>108,680</b>		

\* Segment margin is calculated as segment contribution as a percentage of segment revenue.

\*\* Results for ALS Minerals segment include those of Ammtec (acquired November 2010) and Stewart Group (acquired July 2011).

\*\*\* Campbell Chemicals segment revenue in 2010 includes \$31,054,000 relating to the Cleantec business unit which was divested in December 2010.

\*\*\*\* Intersegment revenue was generated in previous periods by the Cleantec business unit of Campbell Chemicals from sales to other segments.

### Reconciliation of reportable segment profit

*In thousands of AUD*

	2011	2010
Contribution from reportable segments	161,049	108,680
Unallocated amounts:		
Acquisition costs	(607)	(2,431)
Net financing costs	(6,151)	(5,263)
Other corporate expenses	(10,344)	(8,552)
<b>Consolidated profit before income tax</b>	<b>143,947</b>	<b>92,434</b>

# Campbell Brothers Limited and its subsidiaries

## Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2011

### 7. Loans and borrowings

*In thousands of AUD*

	<b>30 September 2011</b>	<b>31 March 2011</b>
<b>Current Liabilities</b>		
Bank loans	50,440	40,731
Finance lease liabilities	2,656	2,051
	53,096	42,782
<b>Non-current liabilities</b>		
Long term notes	392,605	147,000
Finance lease liabilities	4,219	5,680
	396,824	152,680

#### *Bank loans*

Current bank loans are repayable on or before 31 May 2012. In November 2011 the Group executed three-year facility agreements providing committed bank loan funding lines totalling \$201,064,000. These floating rate facilities replace existing facilities which expire on or before 31 May 2012 (refer note 12).

Funding available to the Group from undrawn facilities at 30 September 2011 amounted to \$111,485,000 (March 2011: \$202,821,000).

#### *Long term notes*

In July 2011 the Group issued long term fixed rate notes, denominated in US dollars, to investors in the US Private Placement market. The proceeds were used to fund the acquisition of Stewart Group and to refinance its existing loan obligations (refer note 10).

Set out below is the maturity profile of long term notes on issue at the end of the half year:

*In thousands of AUD*

	<b>30 September 2011</b>	<b>31 March 2011</b>
Maturity date:		
December 2017	30,798	29,019
July 2019	97,526	-
December 2020	120,559	117,981
July 2022	143,722	-
	392,605	147,000

The weighted average interest rate (incorporating the effect of interest rate contracts) for all long term notes at balance date is 3.8%.

### 8. Dividends

The following dividend was declared and paid by the Company during the half year:

*In thousands of AUD*

	<b>2011</b>	<b>2010</b>
Final 2011 dividend paid 1 July 2011 (1 July 2010)	50,628	34,628

Since 30 September 2011, directors have declared a partly franked (50%) interim dividend of 95 cents per ordinary share, amounting to \$64,128,000 payable on 19 December 2011. The dividend is payable on all ordinary shares. The financial effect of this dividend has not been brought to account in the financial report for the period ended 30 September 2011.

### 9. Capital commitments

At 30 September 2011 the Group had capital expenditure commitments of \$11,792,000 (31 March 2011: \$17,612,000, 30 September 2010: \$6,379,000).

# Campbell Brothers Limited and its subsidiaries

## Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2011

### 10. Acquisitions of businesses and subsidiaries

*In thousands of AUD*

	Interest Acquired	Date acquired	Consideration
<b>Half year ended 30 September 2011</b>			
Stewart Group Holdings Limited (group consolidated)	100%	July 2011	131,515
EML Pty Ltd	100%	June 2011	5,454
			136,969
<b>Half year ended 30 September 2010</b>			
Business assets acquired*	100%	May 2010	2,777

The acquisition of the Stewart Group Holdings Limited (group consolidated) had the following effect on the Group's assets and liabilities:

#### **Stewart Group Holdings Limited (group consolidated): net assets at acquisition dates**

*In thousands of AUD*

	<b>Recognised values 2011</b>
Property, plant and equipment	14,708
Inventories	2,995
Trade and other receivables	13,541
Other current assets	2,504
Cash and cash equivalents	2,210
Other non-current assets	1,639
Interest-bearing loans and borrowings	(90,061)
Income tax receivable	1,036
Trade and other payables	(10,427)
Other non-current liabilities	(1,368)
Net identifiable assets and liabilities	(63,223)
Non-controlling interest at acquisition	(2,035)
Goodwill on acquisition*	196,773
Consideration paid, satisfied in cash	131,515
Cash (acquired)	(2,210)
Net cash outflow	129,305

\* The acquisition of Stewart Group Holdings Limited (group consolidated) was completed during July 2011. Accordingly, the accounting for this acquisition has been completed on a provisional basis. Further analysis will be performed to determine the existence and fair value of any identifiable intangible assets acquired as part of the acquisition.

Directly attributable transaction costs of \$185,000 were included in administration and other expenses in the profit and loss statement. In the period to 30 September 2011 Stewart Group Holdings Limited (Group consolidated) contributed a net profit of \$3,790,000 to the consolidated net profit for the year. If the acquisitions had occurred on 1 April 2011, management estimates that Group revenue would have been \$687,664,000 and net profit would have been \$104,513,000.

Stewart Group was acquired for the purpose of enhancing the global service reach of the Group's existing metallurgical and geochemical mineral testing operations, as well as adding an inspection capability in servicing mining and mineral exploration companies. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of Stewart Group's workforce and the synergies expected to be achieved from integrating the acquired operations into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

# Campbell Brothers Limited and its subsidiaries

## Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2011

### 10. Acquisitions of businesses and subsidiaries (continued)

The remaining acquisitions had the following effect on the Group's assets and liabilities:

<i>In thousands of AUD</i>	Recognised values on acquisition	
	2011	2010
Cash and cash equivalents	(29)	-
Net identifiable assets and liabilities	(1,938)	804
Outside equity interest at acquisition	-	-
Goodwill on acquisition	7,392	1,973
Consideration paid, satisfied in cash	5,454	2,777
Cash (acquired)	29	-
Net cash outflow	5,483	2,777

The amounts recognised at acquisition 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 those carrying amounts approximate fair values.

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's workforce and the synergies expected to be achieved from integrating the companies into the Group's existing businesses.

### 11. Share-based payments

#### *Performance rights granted*

During the period the Group granted performance rights under its Long Term Incentive (LTI) plan which is 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 performance rights granted during the current and prior periods are set out below:

	Half year ended 30 September 2011	Half year ended 30 September 2010
<b>Equity-settled</b>		
Date of grant	26 July 2011	27 July 2010
Number of rights	40,925	37,134
Testing date for performance hurdles	31 March 2014	31 March 2013
Vesting date	1 July 2014	1 July 2013
Weighted average fair value at date of grant	\$36.02	\$25.06
<b>Cash-settled</b>		
Date of grant	26 July 2011	27 July 2010
Number of rights	10,968	10,076
Testing date for performance hurdles	31 March 2014	31 March 2013
Vesting date	1 July 2014	1 July 2013
Weighted average fair value at date of grant	\$36.02	\$25.06

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 fair value of services received in return for performance rights granted is based on the fair value of the rights granted measured using Binomial Tree (EPS hurdle) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

# Campbell Brothers Limited and its subsidiaries

## Condensed notes to the consolidated interim financial report

For the half-year ended 30 September 2011

### 12. Events subsequent to balance date

#### Acquisitions

##### *Austpower acquisition:*

On 13 October 2011, the Group acquired 100% of Austpower Engineering for \$28 million plus a potential future earn-out depending on financial performance over the next two years. Austpower is an industrial inspection and engineering business, based in Newcastle NSW, providing advanced inspection services to the power generation industry in Australia and will be part of the ALS Industrial division. The acquisition serves to strengthen ALS Industrial's position as the premier provider of advanced technology, engineering-led, asset care services to the power, oil & gas, resources and infrastructure sectors in Australia.

##### *Columbia Analytical Services acquisition:*

On 31 October 2011, the Group acquired 100% of US-based environmental, food and pharmaceutical testing company Columbia Analytical Services (CAS) for \$34 million (AUD equivalent). CAS is based in Kelso, Washington State and operates six laboratories across the United States. The acquisition positions ALS Environmental as the number two US environmental group by revenue and establishes a small foothold for the Group in food and pharmaceutical testing in the USA – an important step in the strategy to develop a global business in this sector.

Given the timing of the above acquisitions the Group is in the process of determining the accounting treatment required, and will include detailed disclosures in the 31 March 2012 financial statements.

#### Bank loan re-financing

In November 2011 the Group executed loan facility agreements with a number of Australian and Canadian banks. These floating rate facilities replace existing facilities maturing on or before 31 May 2012 and provide the Group with committed bank loan funding lines totalling AUD 201,064,000 for three years maturing in November 2014 (refer note 7).

<i>Currency</i>	<i>Amount</i>	<i>AUD equivalent</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
AUD	160,000	160,000
USD	40,000	41,064

Other than the matters discussed above, there has not arisen in the interval between the end of the half-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 subsequent financial periods.

# Campbell Brothers Limited and its subsidiaries

## Directors' declaration

In the opinion of the directors of Campbell Brothers Limited ("the Company"):

1. The financial statements and notes set out on pages 6 to 17, are in accordance with the *Corporations Act 2001* including:
  - a) giving a true and fair view of the Group's financial position as at 30 September 2011 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date: and
  - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



G J McGrath  
Chairman

Brisbane  
29 November 2011



G F Kilmister  
Managing Director

Brisbane  
29 November 2011



## Independent auditor's review report to the members of Campbell Brothers Limited

We have reviewed the accompanying interim financial report of Campbell Brothers Limited, which comprises the consolidated interim balance sheet as at 30 September 2011, consolidated interim profit and loss statement, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year period ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 September 2011 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Campbell Brothers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

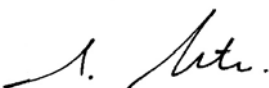
### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Campbell Brothers Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 September 2011 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Mitchell C Petrie  
Partner

Brisbane  
29 November 2011



## Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

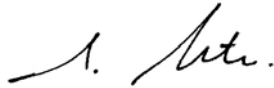
To: the directors of Campbell Brothers Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year period ended 30 September 2011 there have been:

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



KPMG



Mitchell C Petrie  
*Partner*

Brisbane  
29 November 2011