CONTENTS

DIRECTORS' REPORT

The directors present their report together with the financial report of Campbell Brothers Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 31 March 2004 and the auditors' report thereon.

DIRECTORS

The directors of the Company in office any time during the financial year and until the date of this report are:

Rodney J White, Chairman and Independent Non-Executive Director

Geoffrey J McGrath, Deputy Chairman and Independent Non-Executive (Appointed 1 June 2003)

Bruce R Brown, Managing Director and Chief Executive Officer

Antony J Love, Independent Non-Executive Director

Nerolie Withnall, Independent Non-Executive Director

Martin D Kreiwaldt, Independent Non-Executive Director

Raymond G Hill, Independent Non-Executive Director (Appointed 28 October 2003)

Roderick C Campbell, (Retired 26 August 2003)

The Directors' qualifications, experience and responsibilities are shown on page 17 of the Annual Report.

Mr M D Kriewaldt and Mr A J Love retire by rotation in accordance with Article 34 of the Company's Constitution and, being eligible, offer themselves for re-election.

Mr R G Hill, appointed a director by the board on 28 October 2003, retires in accordance with Article 32 of the Company's Constitution and, being eligible, offers himself for re-election.

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:

	DIRECTORS' MEETINGS		AUDIT & COMPLIANCE COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
DIRECTOR	NO. OF MEETINGS HELD(1)	NO. OF MEETINGS ATTENDED(2)	NO. OF MEETINGS HELD(1)	NO. OF MEETINGS ATTENDED(2)	NO. OF MEETINGS HELD(1)	NO. OF MEETINGS ATTENDED(2)
Mr R J White	10	10	4	4	1	1
Mr G J McGrath	8	7	-	-	-	-
Mr B R Brown	10	10	-	-	-	-
Mr A J Love	10	9	-	-	-	-
Mrs N Withnall	10	10	4	3	-	-
Mr M D Kriewaldt	10	10	4	4	1	1
Mr R G Hill	5	5	-	-	-	-
Mr R C Campbell	5	5	-	-	1	1

(1) This column shows the number of meetings held while a director or member of a committee
(2) This column shows the number of meetings attended while a director or member of a committee

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity in the course of the financial year were:

- **the manufacture and distribution of consumer products and cleaning agents;**
- **the distribution of consumer products and services;**
- **the manufacture and distribution of industrial cleaning agents and chemicals;**
- **the distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries; and**
- **the provision of consulting and analytical laboratory services.**

There have been no significant changes in the nature of the activities of the consolidated entity during the financial year.

DIRECTORS' REPORT

CONSOLIDATED RESULT

	THIS YEAR $000	LAST YEAR $000
Revenue from sale of goods and rendering of services	**390,269**	359,278
Consolidated profit from ordinary activities before borrowing costs, income tax and amortisation of goodwill and before amortisation of goodwill and development costs in respect of equity accounted investments	**30,559**	25,386
Net borrowing costs	**(5,752)**	(5,125)
Income tax expense relating to profit from ordinary activities	**(6,903)**	(5,703)
Consolidated net profit from ordinary activities after income tax before amortisation of goodwill	**17,904**	14,558
Net (profit) / loss attributable to outside equity interests	**35**	361
Consolidated net profit, before amortisation of goodwill and before amortisation of goodwill and development costs in respect of equity accounted investments, attributable to members of the parent entity	**17,939**	14,919
Amortisation of goodwill in respect of controlled entities	**(2,900)**	(2,635)
Amortisation of goodwill and development costs in respect of equity accounted investments	**(398)**	(388)
Net profit attributable to members of the parent entity	**14,641**	11,896

REVIEW OF OPERATIONS

The consolidated entity experienced strong profit growth during the past financial year, continuing the improved performance of the second half of the previous year. Its strategy of business expansion through acquisition is expected to deliver further earnings growth in the coming year.

Net profit

Net profit after tax (before goodwill amortisation) attributable to members of the parent entity increased by 20.2% to $17.94 million for the year ended 31 March 2004, from the $14.92 million achieved last year. The result was realised from a turnover of $390.27 million, representing an 8.6% increase on the $359.28 million in 2003.

The directors have declared a final fully franked dividend for the year of 19 cents per share (2003: 17 cents) bringing the total fully franked dividend for the year to 33 cents (2003: 30 cents).

Contributions to the result from business divisions are as follows:

LABORATORY SERVICES

	2004 $000	2003 $000	INCREASE/ (DECREASE)
Revenue	**123,937**	114,403	8.3%
Segment contribution	**21,497**	16,347	31.5%

The Laboratory Services division recorded significant increases in revenue and profit contribution from both minerals and environmental sectors in all geographical regions. This year has seen a focus on refining business systems as well as consolidating and optimising existing operations. This places the company in a very strong position for future opportunities including the expansion into African, Asian and European markets.

DIRECTORS' REPORT

REVIEW OF OPERATIONS *continued*

Net profit *continued*

CONSUMER

	2004 $000	2003 $000	INCREASE/ (DECREASE)
Revenue	**127,899**	132,104	(3.2%)
Segment contribution	**5,212**	5,903	(11.7%)

Consumer division's traditional household laundry and detergents manufacturing business returned an improved performance in the year to March 2004. During the year, several acquisitions were made to strengthen the consumer services unit's portfolio in pest control and washroom hygiene services. Further acquisition opportunities are being pursued to establish a national network of pest control and washroom hygiene service businesses.

The review of the Consumer division referred to in previous reports has been completed. Directors and management are currently examining options, including partial disposal, to maximise this division's value to shareholders. Further details will be made available once the Company's position has been finalised.

INDUSTRIAL

	2004 $000	2003 $000	INCREASE/ (DECREASE)
Revenue	**141,460**	115,540	22.4%
Segment contribution	**9,325**	7,931	17.6%

The Industrial division performed well during the financial year in its three business units: Cleantec, Deltrex Chemicals and Reward Distribution Group. Cleantec's results reflected a focus on an expanding range of products and services in target markets. Whilst Deltrex was affected by exchange rate fluctuations, market changes and business restructuring, its core business remains solid. Reward Distribution Group will continue to benefit from greater purchasing power and rationalisation of its operations following quality acquisitions during the year.

DIVIDENDS

	$000
Dividends paid or declared by the Company since the end of the previous financial year were:	
As provided for in last year's report:	
Final fully franked ordinary dividend of 17 cents per share in respect of the year ended 31 March 2003, paid on 1 July 2003	6,657
In respect of the current financial year:	
Interim fully franked ordinary dividend of 14 cents per share, paid on 19 December 2003	5,573
Final fully franked ordinary dividend, declared since the end of the financial year by the directors of the Company, to be paid on 1 July 2004 of 19 cents per share. (The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2004. Refer Note 1w.)	7,610
Total dividends paid or declared in respect of the year ended 31 March 2004	13,183

All dividends paid or declared by the Company since the end of the previous financial year carry franking credits with a 30% tax rate.

STATE OF AFFAIRS

Changes in the state of affairs of the consolidated entity during the financial year were the result of its continued strategy of business expansion through acquisition in distribution and service industries. Details are as follows:

- Effective 1 August 2003, a wholly-owned controlled entity, Reward Supply Co. Pty Ltd, acquired the business of Gould & Kennedy, a distributor to the hospitality industry in Queensland and New South Wales.
- A wholly-owned controlled entity, NSP Pest Control Pty Ltd, acquired three Queensland-based pest control businesses during the months of September and November 2003: Hickman Pest Control, Exopest (Australia) and Direct Pest Control.

DIRECTORS' REPORT

STATE OF AFFAIRS *continued*

- Effective 1 December 2003, Reward Supply Co. (N.Q.) Pty Ltd, a controlled entity in which the consolidated entity has an 80% interest, acquired 100% of the shares in each of Currey (N.Q.) Pty Ltd and Whitsunday Catering Supplies Pty Ltd, distributors to the hospitality industry in North Queensland.

In the opinion of the directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

MATTERS SINCE END OF FINANCIAL YEAR

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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

LIKELY DEVELOPMENTS

During the next financial year, the consolidated entity will continue to pursue its policies of increasing the profitability and market share of the business units in its diversified portfolio. Ongoing business strategies will focus on maintaining growth and ensuring the consolidated entity generates the best possible return on its investments.

DIRECTORS' INTERESTS AND BENEFITS

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with section 205G(1) of the Corporations Act 2001 as at the date of this report is:

	ISSUED ORDINARY SHARES		OPTIONS OVER UNISSUED ORDINARY SHARES	
	BENEFICIAL INTEREST	NON-BENEFICIAL INTEREST	BENEFICIAL INTEREST	NON-BENEFICIAL INTEREST
Mr R J White	50,786	36,569	-	-
Mr G J McGrath	-	100,000	-	-
Mr B R Brown	77,272	25,000	75,000	-
Mr A J Love	10,434	52,732	-	-
Mrs N Withnall	1,372	-	-	-
Mr M D Kriewaldt	-	36,974	-	-
Mr R G Hill	-	5,000	-	-

Since the end of the previous financial year no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the consolidated financial statements) by reason of a contract made by the Company, its controlled entities or a related body corporate with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial interest, with the exception of the transactions with Mr B R Brown outlined below.

Mr B R Brown has a loan with the Company under the Employee Share Plan. Following approval at the Annual General Meetings in July 1999 and 2001, Mr Brown was issued share options under the Executive Option and Employee Share Plan. Further details of these transactions are set out in Note 30 to the financial statements.

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.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATION *continued*

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. The Group Compliance and Risk Manager coordinates the environmental management program and provides quarterly reports summarising the Group's environmental performance to the Audit and Compliance Committee.

An internal compliance audit program is run throughout all businesses. The main manufacturing facilities are also audited by external independent consultants, who focus on environmental due diligence and licence compliance.

The consolidated entity participates directly in national environment industry committees, namely the Australian Consumer and Specialty Products Association - Environment Committee and Technical Committee. The committees liaise with government authorities, review regulation and develop 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 management system was implemented at Cleantec Darra, which focussed on phosphate recovery and re-use of factory wash waters.
- A site contamination assurance program was conducted at Cleantec Darra that included the installation of permanent groundwater monitoring wells. Results confirmed by Sinclair Knight Merz showed that there was no evidence of contaminants entering the surrounding groundwater.
- The trade waste treatment plant at Deltrex Laverton was upgraded to ensure the site continued to comply with its trade waste agreement with Melbourne Water.
- Campbell Consumer Products implemented a waste minimisation program that reduced the overall volume of liquid trade waste being generated by 30% (measured in kilolitres).
- New dust collection facilities were installed at all ALS Chemex laboratories in Australia during 2003. A proactive dust monitoring program was run in conjunction with the site upgrades, and will continue to be run throughout 2004 on all ALS Chemex sites.
- Independent environmental due diligence audits were conducted for the main manufacturing sites.
- Campbell Industrial Products directly participated in Industry Environmental working groups.

Performance against environmental compliance requirements

There were no material breaches of environmental statutory requirements and no prosecutions during the year. Internal and external audits and internal reporting and monitoring have indicated a high level of compliance with site licence conditions and relevant legislation.

DIRECTORS' AND OFFICERS' EMOLUMENTS

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by the reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. All senior executives have the opportunity to qualify for participation in the Executive Performance Bonus Plan which currently provides benefits where specified criteria are met.

DIRECTORS' REPORT

DIRECTORS' AND OFFICERS' EMOLUMENTS *continued*

Details of the nature and amount of each element of the emolument of each director of the Company and each of the five executive officers of the Company and the consolidated entity receiving the highest emolument for the financial year are as follows:

Emoluments of directors of Campbell Brothers Limited

	BASE SALARY $	SUPER-ANNUATION $	OTHER BENEFITS $	BONUS $	OPTIONS ISSUED (A) $	TOTAL $
Mr R J White	90,200	- [1]	-	-	-	90,200
Mr R C Campbell	20,042	1,804	187,208 [2]	-	-	209,053
Mr A J Love	41,500	3,735	-	-	-	45,235
Mrs N Withnall	53,500	4,815	-	-	-	58,315
Mr M D Kriewaldt	48,100	4,329	-	-	-	52,429
Mr G J McGrath	34,583	3,112	-	-	-	37,696
Mr R G Hill	17,930	1,614	-	-	-	19,544
Mr B R Brown	430,575	10,450	46,475	150,000	14,000	651,500

(1) The superannuation fund rules require a member's benefit to be paid out if the member is not employed full time (minimum 30 hrs per week) after turning 70 years of age. Mr R J White meets this requirement and his superannuation benefit was paid to him after 30 June 2003.

(2) Directors' Retiring Allowance benefit paid to Mr R C Campbell on his retirement from the Board.

Allowances are payable at the time of retirement of non-executive directors in accordance with the terms of Directors' Retiring Allowance agreements, approved by shareholders of the Company in general meeting on 14 July 1992. These allowances are reduced by the amounts of any accumulated benefits accruing to such directors during their terms of office under the terms of the Campbell Brothers Superannuation Fund. Details regarding the financial effect of providing for retiring allowances during the current financial year are disclosed in Notes 18 and 29 to the financial statements.

Emoluments of the five most highly paid executive officers of the Company and the consolidated entity

	BASE SALARY $	SUPER-ANNUATION $	OTHER BENEFITS $	BONUS $	OPTIONS ISSUED (A) $	TOTAL $
Company						
Mr G Kilmister	237,878	56,874	27,631	98,100	8,250	428,733
Mr A Austin	179,267	32,881	9,102	67,500	8,250	297,000
Mr D Tregurtha	198,973	36,277	28,250	15,000	8,250	286,750
Mr P Davis	176,098	17,610	19,400	30,000	5,500	248,608
Mr N Thompson	98,972	58,442	19,986	60,000	5,500	242,900
Consolidated						
Mr G Kilmister	237,878	56,874	27,631	98,100	8,250	428,733
Mr H Blok	251,237	-	-	106,372	5,500	363,109
Mr A Austin	179,267	32,881	9,102	67,500	8,250	297,000
Mr D Tregurtha	198,973	36,277	28,250	15,000	8,250	286,750
Mr P Davis	176,098	17,610	19,400	30,000	5,500	248,608

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure. Executives are those who are directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

Other Benefits

These include payment of allowances, annual leave accrued and paid on termination, payment and provision of other benefits such as motor vehicles and fringe benefits tax.

Options Issued

(A) The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting period.

DIRECTORS' REPORT

DIRECTORS' AND OFFICERS' EMOLUMENTS *continued*

All options expire on the earlier of their expiry date or termination of the employee's employment. Options do not vest until four years after grant date and thereafter exercise is conditional on the executive remaining employed with the consolidated entity until this date. In determining fair value, it has been assumed that service period requirements will be met.

Further details of options granted are set out under "Options" below.

OPTIONS

Options granted to directors' and senior executives

No options were granted under the Executive Option and Employee Share Plan during or since the end of the financial year (2003: Nil).

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARES
17 July 2006	$5.50	75,000
13 November 2006	$5.18	210,000

All options expire on the earlier of their expiry date or termination of the employee's employment (other than from retirement).

In addition, the options are exercisable any time after 4 years from the date of grant but before the end of 5 years from date of grant, or at any time after the shares in the Company become the subject of a takeover scheme or announcement as defined in the Corporations Act 2001.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The market value of shares under these options at 31 March 2004 was $6.12 (2003: $4.34).

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows:

EXPIRY DATE	NUMBER OF SHARES	AMOUNT PAID ON EACH SHARE	MARKET VALUE OF SHARES ON DATE OF EXERCISE
30 September 2004	310,000 [1]	$4.36	$5.69 to $6.25

(1) Exercised by various executives.

There were no amounts unpaid on the shares issued.

DIRECTORS' REPORT

INDEMNITY AND INSURANCE OF OFFICERS

Indemnity

Under its Constitution, the Company has agreed to indemnify to the extent permitted by law and the Corporations Act 2001:

- every person who is or has been an officer of the Company, including a director or secretary, against any liability (other than for legal costs) incurred by that person as an officer of the Company (including liabilities incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment).
- every person who is or has been an officer of the Company, including a director or secretary, against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Company (including such legal costs incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer 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 premiums relate 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.

ROUNDING

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:

R J White Dated at Brisbane on 25 May 2004
Chairman

B R Brown Dated at Brisbane on 25 May 2004
Managing Director

STATEMENTS of FINANCIAL PERFORMANCE

For the year ended 31 March 2004

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Revenue from sale of goods	2	**253,060**	231,624	**143,287**	149,600
Revenue from rendering of services	2	**137,209**	127,654	**-**	-
Other revenues from ordinary activities	2	**2,101**	1,310	**3,943**	8,964
Total revenue		**392,370**	360,588	**147,230**	158,564
Changes in inventories of finished goods and work in progress		**(185)**	(298)	**(1,786)**	(1,328)
Raw materials and consumables purchased		**(175,498)**	(164,498)	**(79,277)**	(81,308)
Employee expenses		**(95,142)**	(88,493)	**(23,027)**	(22,150)
Amortisation of product dispensers, development costs, leased assets and leasehold improvements	3	**(2,871)**	(2,544)	**(1,208)**	(1,128)
Borrowing costs	3	**(5,888)**	(5,266)	**(4,789)**	(4,160)
Depreciation expense	3	**(9,997)**	(10,280)	**(2,948)**	(2,955)
External services costs		**(3,802)**	(4,222)	**-**	-
Marketing and promotions costs		**(14,070)**	(13,311)	**(8,946)**	(9,100)
Warehousing and distribution costs		**(18,626)**	(20,941)	**(11,327)**	(14,041)
Operating lease rentals		**(3,846)**	(3,504)	**(2,015)**	(793)
Net book value of non-current assets disposed		**(1,453)**	(660)	**(87)**	(219)
Other expenses from ordinary activities		**(36,334)**	(27,246)	**(8,028)**	(11,360)
Share of net profits/(losses) of associates and joint venture accounted for using the equity method	28	**(249)**	548	**-**	-
Profit from ordinary activities before income tax expense and amortisation of goodwill		**24,409**	19,873	**3,792**	10,022
Amortisation of goodwill	3	**(2,900)**	(2,635)	**(567)**	(567)
Profit from ordinary activities before income tax expense		**21,509**	17,238	**3,225**	9,455
Income tax expense relating to ordinary activities	5	**(6,903)**	(5,703)	**(861)**	(1,625)
Net profit from ordinary activities after income tax expense		**14,606**	11,535	**2,364**	7,830
Net loss attributable to outside equity interests	23	**35**	361	**-**	-
Net profit attributable to members of the parent entity	21	**14,641**	11,896	**2,364**	7,830
Non-owner transaction changes in equity:					
Net exchange differences on translation of financial statements of self-sustaining foreign operations	20	**(4,838)**	(3,334)	**-**	-
Total adjustments attributable to members of the parent entity recognised directly in equity		**(4,838)**	(3,334)	**-**	-
Total changes in equity from non-owner related transactions attributable to members of the parent entity	24	**9,803**	8,562	**2,364**	7,830
Basic earnings per share	6	*36.84c*	*30.50c*		
Diluted earnings per share	6	*36.81c*	*30.48c*		
Basic earnings per share (before amortisation of goodwill and amortisation of development costs in respect of equity accounted investments)	6	*45.14c*	*38.25c*		

The statements of financial performance are to be read in conjunction with the notes to the financial statements numbered 1 to 34.

STATEMENTS of FINANCIAL POSITION

As at 31 March 2004

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Current assets					
Cash assets	7	**7,217**	6,858	**832**	1,141
Receivables	8	**66,009**	62,997	**23,604**	27,159
Inventories	9	**34,241**	31,661	**16,649**	18,434
Other	10	**4,317**	5,078	**1,057**	1,841
Total current assets		**111,784**	106,594	**42,142**	48,575
Non-current assets					
Receivables	8	**2,448**	1,076	**87,340**	75,136
Investments accounted for using the equity method	11	**3,459**	4,488	**-**	-
Other financial assets	12	**30**	36	**22,476**	22,475
Property, plant and equipment	13	**85,947**	86,572	**42,810**	44,423
Intangibles	14	**73,330**	66,530	**27,106**	27,673
Deferred tax assets	5(d)	**4,355**	4,345	**3,384**	1,815
Other	15	**2,992**	3,228	**2,167**	2,276
Total non-current assets		**172,561**	166,275	**185,283**	173,798
Total assets		**284,345**	272,869	**227,425**	222,373
Current liabilities					
Payables	16	**33,932**	32,347	**14,733**	14,518
Interest bearing liabilities	17	**3,541**	3,658	**22**	-
Current tax liabilities	5(b)	**2,452**	3,011	**767**	353
Provisions	18	**8,668**	14,576	**3,442**	10,247
Total current liabilities		**48,593**	53,592	**18,964**	25,118
Non-current liabilities					
Interest bearing liabilities	17	**97,716**	88,983	**89,762**	79,273
Other financial liabilities		**329**	256	**-**	-
Deferred tax liabilities	5(c)	**1,436**	2,684	**768**	974
Provisions	18	**525**	863	**213**	341
Total non-current liabilities		**100,006**	92,786	**90,743**	80,588
Total liabilities		**148,599**	146,378	**109,707**	105,706
Net assets		**135,746**	126,491	**117,718**	116,667
Equity					
Contributed equity	19	**104,327**	100,067	**104,327**	100,067
Reserves	20	**(7,344)**	(2,506)	**2,188**	2,188
Retained profits	21	**37,768**	28,700	**11,203**	14,412
Total parent entity interest		**134,751**	126,261	**117,718**	116,667
Outside equity interests	23	**995**	230	**-**	-
Total equity		**135,746**	126,491	**117,718**	116,667
Commitments and contingent liabilities	25				

The statements of financial position are to be read in conjunction with the notes to the financial statements numbered 1 to 34.

STATEMENTS of CASH FLOWS

For the year ended 31 March 2004

		CONSOLIDATED		THE COMPANY	
	NOTE	2004 $000	2003 $000	2004 $000	2003 $000
Cash flows from operating activities					
Cash receipts in the course of operations		**415,878**	386,785	**163,086**	169,461
Cash payments in the course of operations		**(378,195)**	(348,787)	**(148,292)**	(152,613)
Dividends received		**-**	-	**4,500**	5,500
Interest received		**136**	141	**31**	66
Borrowing costs paid		**(5,767)**	(5,486)	**(4,803)**	(4,379)
Income taxes paid		**(6,827)**	(3,526)	**(2,534)**	(784)
Net cash provided by operating activities	32(ii)	**25,225**	29,127	**11,988**	17,251
Cash flows from investing activities					
Payments for property, plant and equipment		**(11,856)**	(12,593)	**(1,307)**	(4,017)
Loans to controlled entities for payments for acquisitions		**-**	-	**(13,231)**	(9,783)
Payments for net assets on acquisition of businesses and controlled entities	32(iii)	**(13,016)**	(5,459)	**-**	-
Additional payment in respect of prior year acquisition of controlled entity		**(1,268)**	(1,385)	**-**	-
Dividend from associate		**756**	-	**-**	-
Proceeds from sale of non-current assets		**1,414**	613	**55**	281
Payments for investments in associate and joint venture entity		**-**	(1,843)	**-**	-
Loan to associate for payment for acquisition		**(1,365)**	(747)	**-**	-
Net cash used in investing activities		**(25,335)**	(21,414)	**(14,483)**	(13,519)
Cash flows from financing activities					
Proceeds from issue of shares under Executive Option and Employee Share Plans		**1,352**	87	**1,352**	87
Proceeds from borrowings		**14,500**	21,794	**14,500**	21,794
Repayment of borrowings		**(4,228)**	(21,064)	**(4,477)**	(17,300)
Lease payments		**(1,299)**	(1,006)	**(16)**	(21)
Dividends paid	32(iv)	**(9,172)**	(9,700)	**(9,172)**	(9,700)
Net cash provided by / (used in) financing activities		**1,153**	(9,889)	**2,187**	(5,140)
Net increase / (decrease) in cash held		**1,043**	(2,176)	**(308)**	(1,408)
Net cash at the beginning of the year	32(i)	**6,306**	9,027	**1,141**	2,549
Effect of exchange rate changes on the balances of cash held in foreign currencies		**(857)**	(545)	**-**	-
Net cash at the end of the year	32(i)	**6,492**	6,306	**833**	1,141

The statements of cashflows are to be read in conjunction with the notes to the financial statements numbered 1 to 34.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

The accounting policies have been consistently applied by the entities in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

b) Principles of consolidation

Controlled entities

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases. Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Associates

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future. In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

Joint venture entities

In the consolidated financial statements, investments in joint venture entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The consolidated entity's share of the joint venture entity's net profit or loss is recognised in the consolidated statement of financial performance from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in consolidated reserves.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

c) Revenue recognition - Note 2

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Sale of goods

Revenue from the sale of consumer and industrial products (net of rebates, returns, discounts and other allowances) is recognised when control of the goods passes to the customer.

Rendering of services

Revenue from services is recognised when the service has been provided to the customer.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue from the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Dividends

Dividend revenue from controlled entities is recognised by the parent entity when declared by the controlled entities. Dividend revenue from associates is recognised by the parent entity when received. Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

Interest

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

d) Taxation - Note 5

The consolidated entity adopts the liability method of tax effect accounting.

Income tax expense is calculated on profit from ordinary activities adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

Capital gains tax, if applicable, is provided for in establishing period income tax expense when an asset is sold.

Tax consolidation
The Company is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries set out in Note 27. The implementation date for the tax-consolidated group was 1 April 2003. The head entity recognises all of the current and deferred tax assets and liabilities of the tax-consolidated group (after elimination of intragroup transactions).

The tax-consolidated group has entered into a tax funding agreement that requires wholly-owned subsidiaries to make contributions to the head entity for:

- deferred tax balances recognised by the head entity on implementation date, including the impact of any relevant reset tax cost bases and
- current tax assets and liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidation.

Under the tax funding agreement, the contributions are calculated on a "stand-alone basis" so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly-owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense and or revenue.

e) Receivables - Note 8

Trade debtors
The settlement of trade debtors varies depending on the nature of the business. Generally payment is expected between 25 and 90 days. The collectibility of debts is monitored on a regular basis and a specific provision is made for any doubtful accounts. Bad debts are written off during the period in which they are identified.

Other debtors
The settlement of other debtors varies depending on the nature of the business. The collectibility of the debt is assessed at balance date and a specific provision is made for any doubtful accounts.

f) Inventories - Note 9

Inventories are valued at the lower of cost and net realisable value.

Manufacturing activities
Cost is based on the standard cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of both variable and fixed costs. Fixed costs have been allocated on the basis of normal operating capacity.

Other activities
For activities other than manufacturing the first-in first-out principle is adopted when assigning costs to inventories.

Net realisable value
Net realisable value is determined on the basis of each entity's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

NOTES *to* THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

g) Recoverable amount of non-current assets valued on a cost basis

The carrying amounts of all non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

h) Revaluations of non-current assets

Classes of non-current assets measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from fair value at reporting date. Revaluation increments, on a class of assets basis, are recognised in the asset revaluation reserve except for amounts reversing a decrement previously recognised as an expense, which are recognised as revenues. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense. Potential capital gains tax is only taken into account if the asset is held for sale.

i) Earnings per share - Note 6

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

EPS, before amortisation of goodwill and amortisation of development costs in respect of equity accounted investments, is calculated by dividing the net profit, before amortisation of goodwill and amortisation of development costs in respect of equity accounted investments, attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

j) Acquisition of assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Where settlement of any part of the cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the consolidated entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions. The unwinding of the discount is treated as interest expense.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

Expenditure is only recognised as an asset when the entity controls the future economic benefits as a result of the costs incurred that are probable and can be measured reliably.

Subsequent additional costs
Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years, otherwise, the costs are expensed as incurred.

k) Investments - Notes 11 and 12

Controlled entities
Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends are brought to account in the statement of financial performance when they are declared by the controlled entities.

Associates and joint venture entities
An associate is an entity, other than a partnership, over which the consolidated entity exercises significant influence and where the investment in that entity has not been acquired with a view to disposal in the near future.

In the consolidated financial report, investments in associates and joint venture entities are accounted for using equity accounting principles. Refer Note 1(b).

NOTES *to* THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

l) Property, plant and equipment - Note 13

Property, plant and equipment are capitalised at historical cost and depreciated as outlined below.

Freehold land and buildings are valued every three years on an existing use basis of valuation.

Depreciation of property, plant and equipment

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful lives. Both straight-line and diminishing value methods are used.

The depreciation rates used for each class of asset are as follows:

Buildings	1.25% to 4%
Plant and equipment	10% to 33.3%
Leasehold improvements	5% to 20%
Leased plant and equipment	20% to 25%

Leased plant and equipment - Notes 25 and 26

Leases of plant and equipment under which the Company or its controlled entities assume substantially all of the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the statement of financial performance.

Payments made under operating leases are charged to the statement of financial performance in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

m) Intangibles - Note 14

Goodwill

Goodwill, representing the excess of purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on acquisition of controlled entities and businesses, is amortised on a straight line basis over a maximum of 20 years, being the period of time during which benefits are expected to arise.

In establishing the fair value of the identifiable net assets acquired, a liability for restructuring costs is only recognised at the date of acquisition when there is a demonstrable commitment and a detailed plan. The liability is only recognised where there is little or no discretion to avoid payments to other parties in settlement of costs of the restructuring and a reliable estimate of the amount of the liability as at the date of acquisition can be made.

The carrying amounts are reviewed at each reporting date and where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance.

Trademarks and brandnames

Purchased trademarks and brandnames are accounted for on the basis of the fair value method. Fair values are assigned on the basis of directors' valuation at the time of purchase. The fair values of purchased trademarks and brandnames are reassessed annually using the 'relief from royalty' method and included in the financial statements at the revalued amounts where materially different from their carrying values.

No amortisation is provided against the carrying value of these trademarks and brandnames on the basis that the lives of these assets are considered unlimited at this point in time.

Trademarks and brandnames have an unlimited legal life and the trademarks and brandnames recorded in the financial statements are not currently associated with products which are likely to become commercially or technically obsolete.

Internally generated trademarks and brandnames are not recognised in the statement of financial position.

NOTES *to* THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

n) Product dispensers and development costs - Note 15

Product dispensers are provided free on loan to customers of the industrial division to promote future product sales. Development costs are those costs incurred in establishing new business operations. In the prior year, product dispensers and development costs were disclosed in aggregate as deferred expenditure. This reclassification was undertaken to provide users of the report with more relevant information. Expenditure of a material amount is carried forward to the extent it is recoverable out of future revenue, where it does not relate solely to revenue which has already been brought to account, and where it contributes to the future earning capacity of the consolidated entity. Such expenditure is amortised over the period during which the related benefits are expected to arise.

The carrying amounts are reviewed at each reporting date and where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance.

o) Payables - Note 16

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or consolidated entity. Trade accounts payable are normally settled within 45 days.

p) Interest bearing liabilities - Note 17

Bank loans and overdrafts are carried on the statement of financial position at their principal amount. Interest expense is accrued at the contracted rate for loans or the prevailing market rate for overdrafts and included in "other creditors and accruals".

q) Provisions - Note 18

A provision is recognised when a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that that the recovery will be received and the recovery is measured on a basis consistent with the measurement of the related provision.

In the statement of financial performance, the expense recognised in respect of a provision is presented net of the recovery. In the statement of financial position, the provision is recognised net of the recovery receivable only when the entity has a legally recognised right to set-off the recovery receivable and the provision,and intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

r) Employee entitlements

Annual leave - Note 18
The provision for employee entitlements to annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Long service leave - Note 18
The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Directors' retiring allowances - Note 18
The Company has entered into agreements for the provision of retiring allowances for directors in terms of Section 237 of the Corporations Act 2001 and as approved by shareholders in a general meeting. Provision has been made for the current accrued entitlement of directors under these agreements.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

r) Employee entitlements *continued*

Superannuation fund - Note 25A

The Company and its controlled entities are required to make contributions to employee superannuation funds. Such contributions are charged to the statement of financial performance as they are made.

Employee share plans - Note 19

The Company has issued options to senior executives pursuant to the Executive Option and Employee Share Plan and has issued shares under the Employee Share Plan. Other than the costs incurred in administering the plans which are expensed as incurred, the plans do not result in any expense to the consolidated entity.

s) Derivatives - Note 33

As a result of its operating and investing activities, the consolidated entity is exposed to changes in interest rates and foreign exchange rates. The consolidated entity uses interest rate swaps and options and forward foreign exchange contracts to hedge these risks in certain instances. Derivative financial instruments are not held for speculative purposes.

Hedges

Transactions are designated as a hedge of the anticipated specific purchase or sale of goods or services, purchase of qualifying assets, or an anticipated interest transaction, only when they are expected to reduce exposure to the risks being hedged. Gains or losses on the hedge arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the statement of financial performance.

The net amounts receivable or payable under open interest rate swaps and the associated deferred gains or losses are not recorded on the statement of financial position until the hedge transaction occurs. Interest rate option premiums are recorded in "prepayments" when paid and included in the measurement of the transaction when it occurs.

The net amounts receivable or payable under forward foreign exchange contracts and the associated deferred gains or losses are recorded on the statement of financial position from the date of inception of the hedge transaction. The net receivables or payables are revalued using the foreign exchange rates current at reporting date.

When the anticipated transaction is no longer expected to occur as designated, the deferred gains and losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains and losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains and losses that arose on the hedge prior to its termination are included in the statement of financial performance for the period.

Net investment in foreign operation

Foreign exchange differences relating to foreign currency transactions hedging a net investment in a self-sustaining foreign operation, together with any related income tax expense / revenue, are transferred to the foreign currency translation reserve on consolidation.

t) Foreign currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign entities

The statements of financial position of controlled entities incorporated overseas (being self-sustaining foreign operations) are translated at the rates of exchange ruling at balance date. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is transferred to retained profits in the year of disposal.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

u) Borrowing costs - Note 3

Borrowing costs include interest and lease finance charges.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs. Where interest rates are hedged or swapped, the borrowing costs are recognised net of any effect of the hedge or swap.

v) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or similar value-added taxes in foreign countries, except where the amount of tax is not recoverable from the relevant taxation authority. In these circumstances the tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, taxation authorities is included as a current asset or current liability in the statement of financial position.

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, taxation authorities are classified as operating cash flows.

w) Change in accounting policy - Provision for dividend

The consolidated entity has applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (issued in October 2001) for the first time from 1 April 2003. Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, interim and final dividends were recognised in the financial year to which they related, even though the dividends were announced after the end of that period.

The adjustments to the consolidated and Company financial report as at 1 April 2003 as a result of this change are:

- an increase of $6,657,000 in opening retained profits and
- a decrease of $6,657,000 in provision for dividends.

There was no impact on profit or loss for the financial year to 31 March 2004.

The pro-forma restatements of provision for dividend and retained profits below show the information that would have been disclosed had the new accounting policy always been applied.

	CONSOLIDATED		THE COMPANY	
	2004 $000 (RESTATED)	2003 $000 (RESTATED)	2004 $000 (RESTATED)	2003 $000 (RESTATED)
Restatement of provision for dividend - Note 18				
Balance at end of year - as previously reported	-	6,657	-	6,657
Effect of change in accounting policy	-	(6,657)	-	(6,657)
Restated balance at end of year	-	-	-	-
Restatement of retained profits - Note 21				
Reported retained profits at end of previous year	**28,700**	28,527	**14,412**	18,305
Increase in retained profits on initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	**6,657**	6,589	**6,657**	6,589
Restated retained profits at beginning of year	**35,357**	35,116	**21,069**	24,894
Net profit attributable to members of the parent entity	**14,641**	11,896	**2,364**	7,830
Dividends paid	**(12,230)**	(11,655)	**(12,230)**	(11,655)
Restated retained profits at end of year	**37,768**	35,357	**11,203**	21,069

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

	CONSOLIDATED		THE COMPANY	
	2004 $000	2003 $000	2004 $000	2003 $000
2 REVENUES FROM ORDINARY ACTIVITIES				
Revenue from:				
Sale of goods	253,060	231,624	143,287	149,600
Rendering of services	137,209	127,654	-	-
	390,269	359,278	143,287	149,600
Other revenues:				
From operating activities:				
Dividends from related parties	-	-	-	4,500
Interest from:				
Related parties	70	-	3,856	3,739
Other parties	66	141	32	66
Other revenue	551	556	-	378
From outside operating activities:				
Proceeds from sale of non-current assets	1,414	613	55	281
	2,101	1,310	3,943	8,964
3 PROFIT FROM ORDINARY ACTIVITIES				
Profit from ordinary activities has been arrived at after charging / (crediting) the following items:				
Amortisation of:				
Product dispensers	1,198	1,110	1,195	1,102
Development costs	214	210	-	-
Leased plant and equipment	628	486	3	16
Leasehold improvements	831	738	10	10
	2,871	2,544	1,208	1,128
Amortisation of goodwill	2,900	2,635	567	567
Bad and doubtful debts expense	433	423	13	47
Borrowing costs:				
Interest - other parties	5,746	5,143	4,782	4,159
Finance charges on capitalised leases	142	123	7	1
	5,888	5,266	4,789	4,160
Cost of goods sold	176,778	171,338	92,635	100,023
Depreciation of:				
Buildings	673	678	467	470
Plant and equipment	9,324	9,602	2,481	2,485
	9,997	10,280	2,948	2,955
Net foreign exchange (gains) / losses	442	243	183	(62)
Net (gain) / loss on sale of non-current assets	39	47	32	(62)
Operating lease rentals	3,846	3,504	2,015	793
Research and development expense	268	415	268	415
Inventories written-off	216	119	18	51

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
4 AUDITORS' REMUNERATION				
Audit services:				
Auditors of the Company - KPMG	**183,700**	177,900	**135,500**	129,250
Other KPMG member firms	**184,226**	170,675	**-**	-
Other auditors	**7,204**	6,423	**-**	-
Other services:				
Auditors of the Company - KPMG:				
Audit of share register, annual general meeting proxies and other assurance services	**9,800**	9,600	**8,800**	8,600
Due diligence services and assistance	**208,979**	8,565	**208,979**	7,565
Accounting advice and assistance	**7,900**	-	**7,900**	-
Other KPMG member firms:				
Accounting advice and assistance	**11,654**	48,787	**-**	-

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
5 TAXATION				
(a) Income Tax Expense				
Prima facie income tax expense calculated at 30% (2003: 30%) on the profit from ordinary activities	**6,453**	5,172	**967**	2,836
Increase in income tax expense due to:				
Amortisation of goodwill	**870**	790	**170**	170
Depreciation of buildings	**67**	55	**39**	28
Tax losses of non-resident controlled entities not carried forward as a future income tax benefit	**158**	193	**-**	-
Difference resulting from different tax rates in overseas countries	**78**	159	**-**	-
Receipt of dividends from non-resident related parties	**43**	-	**-**	-
Income tax expense related to current and deferred tax transactions of the wholly-owned subsidiaries in the tax-consolidated group	**-**	-	**1,392**	-
Sundry items	**579**	296	**59**	122
Decrease in income tax expense due to:				
Recovery of income tax expense under a tax funding agreement	**-**	-	**(1,392)**	-
Capital allowance - buildings	**(114)**	(69)	**(65)**	(30)
Research and development allowance	**(38)**	(48)	**(38)**	(48)
Rebatable non-taxable dividends	**-**	-	**-**	(1,350)
Non-assessable income relating to the restructure of Canadian operations	**(29)**	-	**-**	-
Share of net profits of equity accounted investments	**(283)**	(165)	**-**	-
Carry forward income tax losses utilised during the income year	**(189)**	-	**-**	-
Sundry items	**(302)**	(395)	**(133)**	(133)
Income tax expense on the profit from ordinary activities before individually significant income tax items	**7,293**	5,988	**999**	1,595
Individually significant income tax items:				
Net deferred tax balances recognised by head entity in relation to wholly-owned subsidiaries within the tax consolidated group upon implementation of Tax Consolidation	**-**	-	**(1,126)**	-
Recovery of income tax expense under a tax funding agreement at transition	**-**	-	**1,126**	-
Income tax under / (over) provided in prior years	**(390)**	(285)	**(138)**	30
Income tax expense attributable to profit from ordinary activities	**6,903**	5,703	**861**	1,625

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

5 TAXATION *continued*

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Income tax expense attributable to profit from ordinary activities is made up of:				
Current income tax provision	**7,397**	5,879	**1,483**	1,412
Deferred income tax provision	**(455)**	48	**(340)**	7
Future income tax benefit	**351**	61	**(446)**	176
Tax-related payable to wholly-owned subsidiary	**-**	-	**302**	-
Under / (over) provision in prior year	**(390)**	(285)	**(138)**	30
	6,903	5,703	**861**	1,625

(b) Current tax liabilities

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Provision for Current Income Tax				
Movements during the year were as follows:				
Balance at beginning of year	**3,011**	2,068	**353**	-
Income tax paid (net of refund due)	**(6,827)**	(3,526)	**(2,534)**	(784)
Current year's income tax expense relating to ordinary activities	**7,397**	5,879	**1,483**	1,412
Income tax expense related to wholly-owned subsidiary transactions in the consolidated group	**-**	-	**1,742**	-
Prior year tax refunds receivable reported as Other Current Assets	**(715)**	-	**-**	-
Addition through acquisition of a controlled entity	**66**	59	**-**	-
Under / (over) provision in prior years	**(480)**	(1,469)	**(277)**	(275)
	2,452	3,011	**767**	353

(c) Deferred tax liabilities

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Provision for Deferred Income Tax				
Provision for deferred income tax comprises the estimated expense at an income tax rate of 30% (2003: 30%) on the following items:				
Difference in depreciation of property, plant and equipment for accounting and income tax purposes	**536**	1,644	**58**	580
Prepayments and deferred revenue and expenditure	**297**	799	**243**	394
Expenditure currently deductible for tax but deferred and amortised for accounting purposes	**241**	174	**241**	-
Foreign exchange gains not yet realised	**140**	67	**-**	-
Sundry items	**222**	-	**226**	-
	1,436	2,684	**768**	974

(d) Deferred tax assets

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Future Income Tax Benefit				
Future income tax benefit comprises the estimated future benefit at an income tax rate of 30% (2003: 30%) on the following items:				
Provisions, accruals and accrued employee entitlements not currently deductible	**3,846**	3,805	**3,034**	1,454
Tax losses carried forward	**46**	343	**-**	-
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	**224**	392	**187**	-
Foreign exchange losses not yet realised	**106**	(195)	**37**	361
Sundry items	**133**	-	**126**	-
	4,355	4,345	**3,384**	1,815

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

6 EARNINGS PER SHARE

	CONSOLIDATED 2004 CENTS	CONSOLIDATED 2003 CENTS
Basic earnings per share*	**36.84**	30.50
Diluted earnings per share*	**36.81**	30.48
Earnings per share before amortisation of goodwill and amortisation of development costs in respect of equity accounted investments**	**45.14**	38.25

* Consolidated profit attributable to members of the parent entity of $14,641,000 (2003: $11,896,000) has been used as the earnings in the calculation of basic and diluted earnings per share. There are no applicable adjustments required.

** Calculated as a basic earnings per share using consolidated profit, before amortisation of goodwill and amortisation of development costs in respect of equity accounted investments, attributable to members of the parent entity of $17,939,000 (2003: $14,919,000).

	NO.	NO.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**39,738,153**	39,000,273
Effect of executive share options on issue	**33,459**	35,690
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**39,771,612**	39,035,963

There have been no conversions to, calls for, or subscriptions for ordinary shares or issues of potential ordinary shares since 31 March 2004 and before the date of this financial report.

No options lapsed during the financial year (2003: 60,000). The diluted EPS calculation for 2003 includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date the options lapsed. The weighted average number included in 2003 was 3,086.

During the financial year 310,000 options were converted to ordinary shares (2003: 20,000). The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion. The weighted average number included is 30,284 (2003: 597).

The following Executive Share Options have not been included in the calculation of diluted EPS as they are not dilutive:

	2004 NO.	2003 NO.
Executive Share Options		
Expiry date 17 July 2006	**75,000**	75,000
Expiry date 13 November 2006	**-**	210,000

7 CASH ASSETS

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Cash	**6,851**	6,642	**466**	925
Short term bank deposits	**366**	216	**366**	216
	7,217	6,858	**832**	1,141

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
8 RECEIVABLES					
Current					
Trade debtors		**63,123**	59,205	**21,190**	21,603
Provision for doubtful trade debtors		**(1,708)**	(1,552)	**(96)**	(66)
		61,415	57,653	**21,094**	21,537
Other debtors		**4,594**	5,344	**816**	1,122
Amounts owing by controlled entities		**-**	-	**1,694**	4,500
		66,009	62,997	**23,604**	27,159
Non-current					
Amounts owing by controlled entities		**-**	-	**87,340**	74,807
Amount owing by associate and joint venture		**2,448**	747	**-**	-
Other debtors		**-**	329	**-**	329
		2,448	1,076	**87,340**	75,136
9 INVENTORIES					
Current					
Raw materials and stores at cost		**7,684**	8,815	**2,978**	3,830
Work in progress at cost		**2,117**	1,016	**274**	224
Finished goods at cost		**24,440**	21,830	**13,397**	14,380
		34,241	31,661	**16,649**	18,434
10 OTHER CURRENT ASSETS					
Prepayments		**3,560**	3,420	**1,045**	1,836
Other		**757**	1,658	**12**	5
		4,317	5,078	**1,057**	1,841
11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Unlisted shares in associates at cost	28	**2,600**	2,412	**-**	-
Investment in joint venture entity	28	**859**	2,076	**-**	-
		3,459	4,488	**-**	-
12 OTHER FINANCIAL ASSETS					
Non-current					
Investments in:					
Unlisted shares in controlled entities at cost	27	**-**	-	**22,476**	22,475
Unlisted shares in other entities at cost		**30**	36	**-**	-
		30	36	**22,476**	22,475
13 PROPERTY, PLANT AND EQUIPMENT					
Freehold land and buildings:					
At cost		**37,066**	36,335	**25,066**	25,040
Accumulated depreciation		**(2,882)**	(2,436)	**(1,468)**	(1,001)
		34,184	33,899	**23,598**	24,039
Plant and equipment:					
At cost		**105,634**	105,462	**31,103**	26,776
Accumulated depreciation		**(62,646)**	(64,300)	**(12,248)**	(10,119)
		42,988	41,162	**18,855**	16,657

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
13 PROPERTY, PLANT AND EQUIPMENT *continued*				
Leasehold improvements:				
At cost	**6,370**	6,212	**103**	103
Accumulated depreciation	**(3,450)**	(3,025)	**(23)**	(13)
	2,920	3,187	**80**	90
Leased plant and equipment:				
At capitalised cost	**3,544**	2,622	**129**	-
Accumulated depreciation	**(1,133)**	(1,020)	**(4)**	-
	2,411	1,602	**125**	-
Capital works in progress at cost	**3,444**	6,722	**152**	3,637
	85,947	86,572	**42,810**	44,423

Valuations

Valuations of the consolidated entity's freehold land and buildings were performed as at 31 March 2003 by independent valuers on the basis of the market values of the properties concerned in their existing use. The valuations obtained amounted to: Consolidated - $40,246,000; the Company - $27,850,000. As land and buildings are recorded at cost, the valuations have not been brought to account.

Reconciliations

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

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Freehold land and buildings				
Carrying amount at beginning of year	**33,899**	33,502	**24,039**	23,428
Additions	**1,310**	497	**26**	54
Transfers from capital works in progress	**192**	-	**-**	-
Reclassification from plant and equipment	**-**	1,027	**-**	1,027
Disposals	**(500)**	-	**-**	-
Depreciation	**(673)**	(678)	**(467)**	(470)
Net foreign currency differences on translation of self-sustaining operations	**(44)**	(449)	**-**	-
Carrying amount at end of year	**34,184**	33,899	**23,598**	24,039
Plant and equipment				
Carrying amount at beginning of year	**41,162**	44,515	**16,657**	19,647
Additions	**8,240**	6,143	**1,179**	309
Acquisitions through entities acquired	**993**	921	**-**	-
Transfers from capital works in progress	**4,555**	1,957	**3,586**	368
Transfers from leased plant and equipment	**197**	137	**-**	-
Reclassification to buildings	**-**	(1,027)	**-**	(1,027)
Disposals	**(764)**	(596)	**(87)**	(155)
Depreciation	**(9,324)**	(9,602)	**(2,480)**	(2,485)
Net foreign currency differences on translation of self-sustaining operations	**(2,071)**	(1,286)	**-**	-
Carrying amount at end of year	**42,988**	41,162	**18,855**	16,657

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
13 PROPERTY, PLANT AND EQUIPMENT *continued*				
Leasehold improvements				
Carrying amount at beginning of year	**3,187**	3,343	**90**	100
Additions	**750**	776	**-**	-
Transfers from capital works in progress	**27**	75	**-**	-
Acquisitions through entities acquired	**67**	11	**-**	-
Disposals	**(22)**	-	**-**	-
Amortisation	**(831)**	(738)	**(10)**	(10)
Net foreign currency differences on translation of self-sustaining operations	**(258)**	(280)	**-**	-
Carrying amount at end of year	**2,920**	3,187	**80**	90
Leased plant and equipment				
Carrying amount at beginning of year	**1,602**	1,716	**-**	80
Additions	**1,009**	583	**128**	-
Acquisitions through entities acquired	**804**	2	**-**	-
Transfers to plant and equipment	**(197)**	(137)	**-**	-
Disposals	**(167)**	(64)	**-**	(64)
Amortisation	**(628)**	(486)	**(3)**	(16)
Net foreign currency differences on translation of self-sustaining operations	**(12)**	(12)	**-**	-
Carrying amount at end of year	**2,411**	1,602	**125**	-
Capital works in progress				
Carrying amount at beginning of year	**6,722**	4,410	**3,637**	355
Additions	**1,556**	4,594	**101**	3,650
Transfers to property, plant and equipment	**(4,774)**	(2,032)	**(3,586)**	(368)
Net foreign currency differences on translation of self-sustaining operations	**(60)**	(250)	**-**	-
Carrying amount at end of year	**3,444**	6,722	**152**	3,637
14 INTANGIBLES				
Goodwill at cost	**62,858**	53,261	**11,335**	11,335
Accumulated amortisation	**(13,004)**	(10,351)	**(4,491)**	(3,924)
	49,854	42,910	**6,844**	7,411
Purchased trademarks and brandnames at fair value	**23,476**	23,620	**20,262**	20,262
	73,330	66,530	**27,106**	27,673
15 OTHER NON-CURRENT ASSETS				
Product dispensers	**5,338**	4,261	**5,263**	4,243
Accumulated amortisation	**(3,111)**	(1,981)	**(3,096)**	(1,967)
	2,227	2,280	**2,167**	2,276
Development costs	**1,296**	1,309	**-**	-
Accumulated amortisation	**(531)**	(361)	**-**	-
	765	948	**-**	-
	2,992	3,228	**2,167**	2,276

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
16 PAYABLES					
Current					
Trade creditors		**16,496**	18,397	**6,399**	8,676
Other creditors and accruals*		**17,436**	13,950	**7,475**	5,842
Amounts owing to controlled entities		**-**	-	**859**	-
		33,932	32,347	**14,733**	14,518

* During the year, a controlled entity, Reward Supply Co. Pty Ltd, entered into an agreement to purchase the Gould & Kennedy hospitality distribution business. Pursuant to the purchase agreement additional consideration of $1,000,000 is payable during the next financial year. This amount has been accrued at balance date.

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
17 INTEREST BEARING LIABILITIES					
Current					
Bank overdrafts - secured		**725**	552	**-**	-
Bank loans - secured		**1,916**	2,542	**-**	-
Lease liabilities	26	**900**	564	**22**	-
		3,541	3,658	**22**	-
Non-current					
Bank loans - secured		**95,903**	87,739	**79,676**	70,459
Lease liabilities	26	**1,813**	1,244	**97**	-
Amounts owing to controlled entities		**-**	-	**9,989**	8,814
		97,716	88,983	**89,762**	79,273

Bank overdrafts

The consolidated entity's bank overdrafts are payable on demand and are subject to annual review. Interest on bank overdrafts is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 31 March 2004 is 7.3% (2003: 7.6%).

Bank loans

The current bank loans comprise the portion of the consolidated entity's bank loans payable within one year. The non-current bank loans are payable on or before December 2008 and are subject to annual review. The weighted average interest rate for all bank loans is 5.6% (2003: 5.5%) at 31 March 2004.

Lease liabilities

The consolidated entity's lease liabilities are secured by the leased assets.

Borrowing facilities

The Company has provided a charge over its assets and undertakings, and registered first mortgages over Australian properties of the Company and certain of its Australian controlled entities, to its bankers as security for overdrafts, bank loans and certain other borrowing facilities. In addition, the Company and a number of its controlled entities, namely Australian Laboratory Services Pty Ltd, ALS Canada Ltd, ALS Technichem (Singapore) Pte Ltd, ALS Technichem (HK) Pty Ltd, Bushland Products Pty Ltd, National Service Providers Pty Ltd, NSP Pest Control Pty Ltd, Pofade Pty Ltd, Sinvil Pty Ltd, NSP Dry Cleaning Pty Ltd, Reward Supply Co. Pty Ltd, Albert Crocker & Son Pty Ltd and Strategic Retail Performance Pty Ltd, have entered into a cross guarantee and indemnity to secure borrowing facilities of those controlled entities.

The carrying amounts of the pledged freehold land and buildings at 31 March 2004 are consolidated $31,278,000 (2003: nil) and the Company $23,598,000 (2003: nil).

A facility in New Zealand is secured by trade debtors of a controlled entity, Bushland Products Pty Ltd.

The consolidated entity has access to the following lines of credit:

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Maximum facilities	**115,237**	109,916	**106,000**	100,200
Unutilised facilities	**16,693**	19,083	**6,982**	9,078
Utilised facilities	**98,544**	90,833	*** 99,018**	91,122

* Facilities in Canada, Singapore and Malaysia are secured by letters of credit totalling $19,342,000 from the Company's bank.

NOTES *to* THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
18 PROVISIONS					
Current					
Directors' retiring allowances		**752**	984	**752**	984
Dividend	22	**-**	6,657	**-**	6,657
Employee entitlements		**7,916**	6,935	**2,690**	2,606
		8,668	14,576	**3,442**	10,247
Non-current					
Employee entitlements*		**525**	863	**213**	341
		525	863	**213**	341

* Employee entitlements not expected to be settled within twelve months of reporting date have been calculated using a discount rate of 5.5% (2003: 5.3%).

	NO.	NO.	NO.	NO.
Number of employees	**2,423**	2,306	**297**	306

Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for employee benefits are set out below:

	CONSOLIDATED $000	CONSOLIDATED $000	THE COMPANY $000	THE COMPANY $000
Dividends				
Carrying amount at the beginning of the year	**6,657**		**6,657**	
Provision for 2004 interim dividend	**5,573**		**5,573**	
Payments made during the year	**(12,230)**		**(12,230)**	
Carrying amount at end of year	**-**		**-**	

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
19 CONTRIBUTED EQUITY				
Issued and paid up share capital				
40,050,332 ordinary shares, fully paid (2003: 39,162,191)	**104,327**	100,067	**104,327**	100,067
Movements in ordinary share capital				
Balance at beginning of year	**100,067**	98,186	**100,067**	98,186
Shares issued:				
578,141 shares (2003: 384,680) under the Dividend Reinvestment Plan [1]	**2,908**	1,794	**2,908**	1,794
310,000 shares (2003: 20,000) from the exercise of options [2]	**1,352**	87	**1,352**	87
Balance at end of year	**104,327**	100,067	**104,327**	100,067

(1) Issued pursuant to the Company's Dividend Reinvestment Plan:
1 July 2003 - 333,007 shares at $4.53
19 December 2003 - 245,134 shares at $5.71
(2) Issued pursuant to the exercise of options granted under the Executive Option and Employee Share Plan:
1 Oct 2003 to 3 Dec 2003 - 310,000 shares at $4.36

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

19 CONTRIBUTED EQUITY *continued*

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.

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. There were no issues of shares under the Share Plan during the financial year (2003: Nil). The market price of shares issued under the Share Plan as at 31 March 2004 was $6.12 (2003: $4.34).

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

	THE COMPANY 2004 NO.	THE COMPANY 2003 NO.
Number of shares at beginning of year	**505,156**	554,250
Number of shares distributed to employees	**(71,106)**	(49,094)
Number of shares at end of year	**434,050**	505,156

The amounts recognised as receivable in the financial statements of the consolidated entity and the Company in relation to employee shares at the end of the year are:

	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
Current receivables - Other debtors	**1,375,459**	1,739,958	**-**	-
Current receivables - Amounts owing by controlled entities	**-**	-	**1,375,459**	1,739,958

Executive Share Option Plan

The Company operates an executive share option plan ("the Option Plan") approved by shareholders at the Company's annual general meeting on 10 July 1996. Under the Option Plan the Board of Directors issues options to acquire shares to executives of the Company. Executive directors of the Company are eligible to participate in an issue of options under the plan. Non-executive directors are not eligible to participate. The Board determines the number, exercise price and expiry date of options issued to executives.

Upon exercise of the options and payment of the exercise price by an executive, he or she is allotted one fully paid ordinary share in the Company for each option exercised. The Option Plan includes provisions dealing with adjustments to the terms of options existing at the time of any new issues of the Company's shares or reconstructions of capital. Executives have no voting rights in respect of any unissued ordinary shares.

On termination of employment of a participating executive (for any reason other than retirement, retrenchment or death) any unexercised options will lapse at termination of employment. In cases of retirement, retrenchment or death, the executive or the executive's personal representative has a period of three months after the date of termination to exercise the options before they lapse.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

19 CONTRIBUTED EQUITY *continued*

Executive Share Option Plan *continued*

Summary of options over unissued ordinary shares
The fair value of shares issued as a result of exercising the options during the reporting period at their issue date is the market price of shares of the Company on the Australian Stock Exchange as at close of trading.

The options are exercisable any time after 4 years from the date of issue but before the end of 5 years from date of issue, or at any time after the shares in the Company become the subject of a takeover scheme or announcement as defined in the Corporations Act 2001. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The market value of shares under these options at 31 March 2004 was $6.12 (2003: $4.34).

The amounts recognised in the financial statements of the consolidated entity and the Company in relation to executive share options exercised during the financial the year were:

	CONSOLIDATED		THE COMPANY	
	2004 $	2003 $	2004 $	2003 $
Issued ordinary share capital	**1,351,600**	87,200	**1,351,600**	87,200

Details of options over unissued ordinary shares as at the beginning and end of the financial year and movements during the year are set out below.

Grant date	Exercise date (on or after)	Expiry date	Exercise price	No. of options at beginning of year	Options granted	Options lapsed	Options exercised	No. of options at end of year		Ordinary shares issued on exercise of options			
								On issue	Vested	Proceeds received $	Date issued	No. of shares issued	Fair value aggregate $
Consolidated and Company - 2004													
30 Sep '99	30 Sep '03	30 Sep '04	$4.36	310,000	-	-	310,000	-	-	1,351,600	Between 1 Oct '03 & 3 Dec '03	310,000	1,827,000
17 Jul '01	17 Jul '05	17 Jul '06	$5.50	75,000	-	-	-	75,000	-				
13 Nov '01	13 Nov '05	13 Nov '06	$5.18	210,000	-	-	-	210,000	-				
				595,000				285,000	-				
Consolidated and Company - 2003													
30 Sep '99	30 Sep '03	30 Sep '04	$4.36	360,000	-	30,000	20,000	310,000	-	87,200	15 Jul '02	20,000	102,000
17 Jul '01	17 Jul '05	17 Jul '06	$5.50	75,000	-	-	-	75,000	-				
13 Nov '01	13 Nov '05	13 Nov '06	$5.18	240,000	-	30,000	-	210,000	-				
				675,000				595,000	-				

20 RESERVES

	CONSOLIDATED		THE COMPANY	
	2004 $000	2003 $000	2004 $000	2003 $000
Capital profits	**364**	364	**358**	358
Foreign currency translation	**(10,379)**	(5,541)	**-**	-
General	**2,671**	2,671	**1,830**	1,830
	(7,344)	(2,506)	**2,188**	2,188
Movements During the Year				
Foreign currency translation				
Balance at beginning of year	**(5,541)**	(2,207)	**-**	-
Net translation adjustment	**(4,838)**	(3,334)	**-**	-
Balance at end of year	**(10,379)**	(5,541)	**-**	-

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

20 RESERVES *continued*

Nature and purpose of reserves

Capital profits
Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to the capital profits reserve.

Foreign currency translation
The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to accounting policy Note 1(t).

General
The amount standing to the credit of the general reserve resulted from prior period allocations of retained profits for non-specific purposes

		CONSOLIDATED		THE COMPANY	
	NOTE	2004 $000	2003 $000	2004 $000	2003 $000
21 RETAINED PROFITS					
Retained profits at beginning of year		**28,700**	28,527	**14,412**	18,305
Net profit attributable to members of the parent entity		**14,641**	11,896	**2,364**	7,830
Dividends	22	**(5,573)**	(11,723)	**(5,573)**	(11,723)
Retained profits at end of year		**37,768**	28,700	**11,203**	14,412
22 DIVIDENDS					
Dividends paid by the Company are:					
Final 2003 fully franked ordinary dividend of 17 cents per share, paid on 1 July 2003		**-**	6,657	**-**	6,657
Interim 2004 fully franked ordinary dividend of 14 cents per share (2003: 13 cents), paid on 19 December 2003		**5,573**	5,066	**5,573**	5,066
		5,573	11,723	**5,573**	11,723

Since 31 March 2004, directors have declared a fully franked final dividend of 19 cents per ordinary share, amounting to $7,610,000, payable on 1 July 2004. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2004. (Refer Note 1w.)

All dividends paid or declared by the Company since the end of the previous financial year carry franking credits with a 30% tax rate.

	CONSOLIDATED		THE COMPANY	
	2004 $000	2003 $000	2004 $000	2003 $000
Dividend franking account				
30% franking credits available to shareholders for subsequent financial years	**6,101**	4,833	**5,871**	1,158

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of the current tax liability

(b) franking debits that will arise from the payment of dividends recognised as a liability at year end (the 2003 financial year only) and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at year end.

The ability to use the franking account credits is dependent upon there being sufficient available profits to declare dividends.

22 DIVIDENDS *continued*

Transfer of franking credits to the parent entity

In accordance with the New Business Tax System (Consolidation) Act (No. 1) 2002, all members of the tax consolidated group operate one franking account maintained by the parent entity.

The amount of franking credits available to shareholders disclosed as at 31 March 2004 has been measured in accordance with the abovementioned Act, which represents all of the franking credits previously attributable to the parent entity and all of its 100% wholly owned Australian subsidiaries.

Franking credits of $5,097,000 were transferred from the wholly-owned Australian entities to the parent entity at the time these entities entered the tax consolidated group.

Comparative information for 2003 has not been restated for this change in attribution. Had the comparative information been calculated on the new attribution basis, "the franking credits available" balance as at 31 March 2003 would read - The Company: $4,792,000, reflecting the total number of "franking credits available" to the tax consolidated entity as at 31 March 2003.

23 OUTSIDE EQUITY INTERESTS

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000
Outside equity interests in controlled entities comprise:		
Interests in retained profits held by outside equity interests at the beginning of the year	**(196)**	193
Interests in net profit/(loss) from ordinary activities after income tax	**(35)**	(361)
Interests in dividends paid	**-**	(61)
Adjustment arising on acquisition of outside equity interests	**-**	33
Interests in retained profits at the end of the year	**(231)**	(196)
Interests in contributed equity	**1,152**	352
Interests in reserves	**74**	74
	995	230

24 TOTAL EQUITY RECONCILIATION

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Total equity at beginning of year		**126,491**	127,841	**116,667**	118,679
Total changes in parent entity interest in equity recognised in statement of financial performance		**9,803**	8,562	**2,364**	7,830
Transactions with owners as owners:					
Contributions of equity	19	**4,260**	1,881	**4,260**	1,881
Dividends	22	**(5,573)**	(11,723)	**(5,573)**	(11,723)
Total changes in outside equity interests	23	**765**	(70)	**-**	-
Total equity at end of year		**135,746**	126,491	**117,718**	116,667

25 COMMITMENTS AND CONTINGENT LIABILITIES

The estimated maximum amounts of commitments and contingent liabilities not provided for in the financial statements of the consolidated entity as at 31 March 2004 are set out below:

A. COMMITMENTS

Superannuation commitments

The Company and its controlled entities contribute to occupational superannuation (accumulated benefits) plans for employees. The consolidated entity currently contributes at least the statutory percentage, of employees' "ordinary time earnings", required in each jurisdiction in which it operates.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

25 COMMITMENTS AND CONTINGENT LIABILITIES *continued*

A. COMMITMENTS *continued*

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Capital expenditure commitments				
Plant and equipment: payable within one year	**923**	1,713	**286**	-
Lease rental commitments				
Future operating lease rentals of property, plant and equipment payable:				
Within one year	**3,670**	4,319	**1,292**	1,201
Later than one year but not later than five years	**4,503**	4,607	**1,106**	1,084
Later than five years	**712**	3	**1**	-
	8,885	8,929	**2,399**	2,285

The consolidated entity leases property, plant and equipment under operating leases expiring over terms of up to six years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease commitments in respect of finance leases are disclosed in Note 26.

B. CONTINGENT LIABILITIES

	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Guarantees		
Bank facilities of related entities are secured by guarantees from the Company in the following amounts:		
Crossmark Asia Pacific (joint venture partnership)	**2,700**	2,700
Australian Hospitality Imports Pty Ltd (associate)	**275**	-
Reward Supply Co. Pty Ltd (controlled entity)	**271**	-
National Service Providers Pty Ltd (controlled entity)	**-**	320

Partnership liabilities

A controlled entity, Strategic Retail Performance Pty Ltd, as a 50% partner in a joint venture partnership, is jointly and severally liable for 100% of all liabilities incurred by that partnership. The assets of the partnership are sufficient to meet such liabilities (refer Note 28). Total partnership liabilities amounted to $9,020,000 at 31 March 2004 (2003: $7,996,000). In addition, a maximum of $1,148,000 may be payable by the partnership over the next two years in connection with the acquisition of the Nationwide Food Brokers business in July 2003. Any such payments are contingent upon the achievement of certain performance hurdles.

C. PURCHASE OF CONTROLLED ENTITIES AND BUSINESSES

During a previous year, a controlled entity, ALS Canada Ltd, entered into an agreement to purchase the Chemex Laboratories group. Pursuant to the purchase agreement a maximum of an additional CAD5,500,000 (AUD6,203,000) plus interest may be payable if certain performance hurdles are achieved over the next financial year. No amount was paid or payable in respect of this arrangement during the year ended 31 March 2004.

During a previous year, a controlled entity, Bushland Products Pty Ltd, entered into an agreement to purchase the Panamex Pacific businesses. Pursuant to the purchase agreement a maximum of an additional $415,000 may be payable if certain performance hurdles are achieved over the next three years. No amount was paid or payable in respect of this arrangement during the year ended 31 March 2004.

As the achievement of the above performance hurdles is uncertain, no liability has been recognised as at the end of financial year in respect of these arrangements.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

26 LEASE LIABILITIES

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Included as lease liabilities are the present values of future rentals for leased assets capitalised:				
Current	900	564	22	-
Non-current	1,813	1,244	97	-
	2,713	1,808	119	-
Lease commitments in respect of capitalised finance leases are payable:				
Within one year	986	661	31	-
Later than one year but not later than five years	1,984	1,334	111	-
	2,970	1,995	142	-
Future finance charges	(257)	(187)	(23)	-
Total lease liability	2,713	1,808	119	-

The consolidated entity leases plant and equipment under finance leases expiring over terms of up to five years. At the end of the lease terms the consolidated entity generally has the option to purchase the equipment at a percentage of market value - a price deemed to be a bargain purchase option.

27 PARTICULARS IN RELATION TO CONTROLLED ENTITIES

	FOOTNOTES	COUNTRY OF INCORPORATION	INTEREST HELD % 2004	INTEREST HELD % 2003
Company				
Campbell Brothers Limited		Aust		
Controlled entities				
Australian Laboratory Services Pty Ltd		Aust	100	100
ALS Analytical Testing (Shanghai) Co. Ltd	2	China	100	-
ALS Bolivia Ltda	3	Bolivia	100	100
ALS Canada Ltd	4	Canada	100	100
ALSMX, S.A. de C.V.	5	Mexico	100	100
ALS-Indequim, S.A. de C.V. (formerly Investigacion y Desarrollo Quimico, S.A. de C.V.)	5	Mexico	70	70
Sistemas Ecologicos Indequim, S.A. de C.V.	5	Mexico	100	100
ALS (Barbados) Ltd	5	Barbados	100	100
ALS Chemex South Africa (Proprietary) Ltd	2	South Africa	100	-
ALS Brasil Ltda (formerly Bondar Clegg Brasil Ltda)	5	Brazil	100	100
Bondar Clegg de Mexico S.A. de C.V.	5	Mexico	100	100
Chemex Labs S.A. de C.V.	5	Mexico	100	100
ALS Peru S.A.	5	Peru	100	100
ALS Patagonia S.A.	5	Chile	100	100
ALS Geolab SRL	5	Argentina	100	100
ALS Technichem (Singapore) Pte Ltd		Singapore	100	100
ALS Technichem (HK) Pty Ltd		Hong Kong	100	100
ASL International Ltd	5	Barbados	100	100
PT. ALS Indonesia	5	Indonesia	65	65
Bushland Products Pty Ltd		Aust	100	100
Orion Export Ltd		NZ	67	67
Campbell Brothers Trading Pty Ltd		Aust	100	100
Campbell Cleantec (Asia) Pte Ltd	2	Singapore	100	-
Carpi Ltd		PNG	100	100
Panamex Pacific (PNG) Ltd		PNG	100	100

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

27 PARTICULARS IN RELATION TO CONTROLLED ENTITIES *continued*

	FOOTNOTES	COUNTRY OF INCORPORATION	INTEREST HELD % 2004	INTEREST HELD % 2003
Controlled entities *continued*				
CBL Campbell Brothers USA, Inc		USA	100	100
ALS USA, Inc		USA	100	100
Panamex Pacific, Inc (formerly Panamex Export, Inc)		USA	100	100
JK Enterprises, Inc	2	American Samoa	100	-
National Service Providers Pty Ltd		Aust	100	100
NSP Pest Holdings Pty Ltd (formerly Roto-Rooter Australia Pty Ltd)		Aust	100	100
NSP Pest Control Pty Ltd		Aust	100	100
NSP Holdings Pty Ltd (formerly Roto Rooter Australia Total Care Pty Ltd)		Aust	100	100
NSP Management Pty Ltd		Aust	100	100
Pofade Pty Ltd		Aust	100	100
Grace Bros. Carpet Cleaning Pty Ltd (formerly Home Valet Pty Ltd) atf RGM Unit Trust No 1	8	Aust	100	100
Sinvil Pty Ltd		Aust	100	100
NSP Hygiene Services Pty Ltd (formerly One on One Pty Ltd)		Aust	100	100
NSP Telemarketing Pty Ltd		Aust	100	100
Myer Home Services Pty Ltd atf RGM Unit Trust No 2		Aust	100	100
NSP Dry Cleaning Pty Ltd		Aust	100	100
Roto-Rooter Ltd	7	NZ	100	100
Orion Export SARL		Wallis Is	51	51
Panamex Pacific Ltd		NZ	100	100
Proclean Ltd		NZ	100	100
Reward Supply Co. Pty Ltd		Aust	100	100
Reward Supply Co. (N.Q.) Pty Ltd (formerly Grace Bros Home Services Pty Ltd)	9	Aust	80	100
Currey (N.Q.) Pty Ltd	1	Aust	100	-
Whitsunday Catering Supplies Pty Ltd	1	Aust	100	-
Albert Crocker & Son Pty Ltd		Aust	100	100
Reward Supply Co. (N.T.) Pty Ltd		Aust	51	51
Parker Sales & Service Pty Ltd		Aust	51	51
Strategic Retail Performance Pty Ltd		Aust	100	100

Footnotes

1. *Controlled entities acquired during the year.*
2. *Controlled entities incorporated during the year.*
3. *Controlled entity formed from the merger of ITS Bolivia Ltda and Bondar Clegg Bolivia Ltda.*
4. *During the year, the Canadian entities of No. 223 Seabright Holdings Ltd and Bondar Clegg Canada Ltd, were merged into ALS Canada Ltd.*
5. *Controlled entities with a financial year end of 31 December, which differs to the Company's year end of 31 March.*
6. *Controlled entity, A.C.N. 002 904 083 Pty Ltd (formerly Grace Bros Carpet Cleaning Pty Ltd), was voluntarily deregistered effective 11 February 2004. There was no profit or loss on the voluntary liquidation.*
7. *This controlled entity is currently in the process of being voluntarily deregistered. There will be no profit or loss on the voluntary liquidation.*
8. *This controlled entity is in the process of changing its name.*
9. *This controlled entity was previously 100% owned by National Services Providers Pty Ltd. During the year, the entity was transferred to ownership of Reward Supply Co. Pty Ltd. It sold 20% of its equity to minority interests as part of the entity's acquisition of Currey (N.Q.) Pty Ltd and Whitsunday Catering Supplies Pty Ltd.*

Refer to Note 31 for details of segment profit from ordinary activities and Note 32 (iii) for details of acquisitions.

The Company owns 100% of the issued capital of Campbell Brothers Limited Superannuation Pty. Ltd. but control does not exist, as set out in that company's constitution.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

28 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Three controlled entities hold the following investments:

NAME	PRINCIPAL ACIVITY	BALANCE DATE	OWNERSHIP INTEREST % 2004	OWNERSHIP INTEREST % 2003	INVESTMENT CARRYING AMOUNT (CONSOLIDATED) 2004 $000	INVESTMENT CARRYING AMOUNT (CONSOLIDATED) 2003 $000
ALS Technichem (Malaysia) Sdn Bhd [1]	Laboratory services	31 December	**40**	40	**1,468**	1,990
Airtime Sales Australia Pty Ltd [1]	Retail brokerage services	31 March	**50**	-	**442**	-
Crossmark New Zealand Ltd [1]	Retail brokerage services	31 March	**50**	50	**690**	422
Crossmark Asia Pacific [2]	Retail brokerage services	31 March	**50**	50	**859**	2,076
Australian Hospitality Imports Pty Ltd [1]	Glassware importer / distributor	31 March	**50**	-	**-**	-
					3,459	4,488

(1) Associate. (2) Joint venture entity (partnership).

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000
Results of associates and joint venture entity		
Share of associates' and joint venture entity's:		
Profit from ordinary activities before income tax expense and amortisation of goodwill and development costs	**946**	1,597
Amortisation of goodwill and development costs	**(374)**	(364)
Profit from ordinary activities before income tax expense	**572**	1,233
Income tax expense relating to profit from ordinary activities	**(821)**	(685)
	(249)	548
Share of associates' and joint venture entity's retained profits at the beginning of the financial year	**1,979**	1,431
	1,730	1,979
Cost of investments	**2,509**	2,509
Dividends received from associate	**(756)**	-
Deferred tax asset recognised on acquisition of business by joint venture	**(24)**	-
Carrying amount of investments at end of year	**3,459**	4,488
Summary of performance and financial position of associates and joint venture entity		
The consolidated entity's share of aggregate profits / (losses), assets and liabilities of associates and joint venture entity:		
Net profit	**(249)**	548
Current assets	**20,866**	14,053
Non-current assets	**8,473**	8,844
Total assets	**29,339**	22,897
Current liabilities	**21,601**	13,412
Non-current liabilities	**4,499**	5,304
Total liabilities	**26,100**	18,716
Net assets	**3,239**	4,181

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

29 DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors' remuneration

The number of directors of the Company whose remuneration from the Company or any related party falls within the following bands:

	Consolidated 2004	Consolidated 2003	The Company 2004 No.	The Company 2003 No.
$10,000 - $19,999			1	-
$30,000 - $39,999			1	-
$40,000 - $49,999			1	3
$50,000 - $59,999			2	1
$80,000 - $89,999			-	1
$90,000 - $99,999			1	-
$200,000 - $209,999			1	-
$490,000 - $499,999			-	1
$650,000 - $659,999			1	-
	$	$	$	$
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entities from the Company, or any related party (includes fees paid to non-executive directors of the Company of $306,000 (2003: $249,000) and the income of non-resident executive directors of controlled foreign entities)	**3,776,593**	2,761,653	**957,355**	746,306
Superannuation and retirement payments				
Contributions by the Company on behalf of directors of the Company and controlled entities to the Campbell Brothers Superannuation Fund in accordance with Superannuation Guarantee legislation*	**19,409**	22,402	**19,409**	22,402
Retirement allowance paid to a director of the Company*	**187,208**	-	**187,208**	-
	206,617	22,402	**206,617**	22,402

* Allowances are payable at the time of retirement of non-executive directors in accordance with the terms of Directors' Retiring Allowance agreements, approved by shareholders of the Company in general meeting on 14 July 1992. These allowances are reduced by the amounts of any accumulated benefits accruing to such directors during their terms of office under the terms of the Campbell Brothers Superannuation Fund.

Executives' remuneration

The remuneration of executives who work wholly or mainly outside Australia is not included in this disclosure.

The number of executive officers whose remuneration from entities in the consolidated entity or related parties falls within the following bands:

	Consolidated 2004 No.	Consolidated 2003 No.	The Company 2004 No.	The Company 2003 No.
$120,000 - $129,999	1	1	1	-
$140,000 - $149,999	3	2	-	-
$160,000 - $169,999	3	1	1	-
$180,000 - $189,999	1	2	-	1
$200,000 - $209,999	-	2	-	2
$210,000 - $219,999	1	-	1	-
$220,000 - $229,999	1	-	-	-
$230,000 - $239,999	1	1	1	1
$240,000 - $249,999	1	-	1	-
$270,000 - $279,999	1	-	1	-
$280,000 - $289,999	1	1	1	1
$380,000 - $389,999	-	1	-	1
$410,000 - $419,999	-	1	-	1
$420,000 - $429,999	1	-	1	-
$490,000 - $499,999	-	1	-	1
$650,000 - $659,999	1	-	1	-
	$	$	$	$
Total income received, or due and receivable from the Company or entities in the consolidated entity or related parties by executive officers whose income is $100,000 or more	**3,785,920**	3,166,519	**2,620,715**	2,393,978

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

30 RELATED PARTIES

Directors

The directors of the Company in office any time during the year were:

Mr R J White, Mr R C Campbell (retired 26 August 2003), Mr A J Love, Mrs N Withnall, Mr M D Kriewaldt, Mr G J McGrath (appointed 1 June 2003), Mr R G Hill (appointed 28 October 2003) and Mr B R Brown (Managing Director).

Details of transactions with directors, representing remuneration and retirement benefits, are set out in Note 29.

Employee Share Plan loans to directors

In accordance with the terms of the Employee Share Plan for employees of the consolidated entity, Mr B R Brown Managing Director of the Company has a loan outstanding at the end of the year of $22,000 (2003: $30,000). During the year, $8,000 (2003: $7,000) was repaid from dividends received. No interest is charged on this loan.

The following directors of controlled entities have loans outstanding in accordance with the terms of the Employee Share Plan for employees of the consolidated entity: G Affleck, A Austin, H Blok, R G Foss, D Gie, G Kilmister, T Leahy, S Skinner, N Thompson and D Tregurtha. The aggregate balance outstanding at the end of the year was $295,000 (2003: $295,000). Loans increased $31,000 (2003: $33,000) during the year. A total of $31,000 (2003: $28,000) was repaid during the year from dividends received. These loans are on terms and conditions no more favourable than loans available to other employees under the Employee Share Plan.

Other transactions with the Company or its controlled entities

Mrs N Withnall was a director of Darling Downs Foods Limited until February 2004 which purchased goods and services from the consolidated entity in the ordinary course of business.

Mrs N Withnall is a consultant to Minter Ellison Lawyers which renders services to the consolidated entity in the ordinary course of business.

Mr M Kriewaldt is a director of Suncorp-Metway Ltd. The consolidated entity enters into financial market transactions with this company in the ordinary course of business.

Mr R Hill is a director of Parmalat Australia Ltd which during the ordinary course of its business purchases goods and services from the consolidated entity on an arms length basis.

A controlled entity paid rent on leased premises owned by a related entity of Mr R G Foss, a director of a controlled entity. Rent paid during the year amounted to $ Nil (2003: $37,734).

Transactions entered into during the year with directors of the Company and its controlled entities or with their director-related entities which are within normal customer, supplier, employee or shareholder relationships on terms and conditions no more favourable than those available to their customers, suppliers, employees or shareholders include:

- participation in the Company's Dividend Reinvestment Plan whereby ordinary shares were allotted in lieu of the payment in cash of dividends on ordinary shares;
- acquisition of shares and options in the Company under the Executive Option and Employee Share Plans;
- dividends from shares held in the Company;
- purchase and sales of goods and services and
- contracts of employment and reimbursement of expenses.

Directors' holdings of shares and share options

The interests of directors and their director-related entities in shares and share options in the Company at year-end were:

440,417* (2003: 1,214,846) issued ordinary shares and 75,000 (2003:125,000) options over unissued ordinary shares.

* The decrease in interests of directors and their director-related entities is due mainly to the retirement of Mr R C Campbell during the year. At the end of last year, shares held by him and entities related to him were 941,668.

(The balance of issued ordinary shares differs from the holdings disclosed in the Directors' Report due to share transactions occurring between balance date and the date of the Directors' Report and the inclusion in that Report of non-controlling, director-related entity holdings as disclosed by directors of the Company).

Directors' transactions in shares and share options

During the year, directors and their director-related entities were issued 2,144 shares under the Dividend Reinvestment Plan, acquired 165,184 shares via on-market purchases and sold 276,030 shares via on-market sales. A balance of 665,727 shares relating to Mr R C Campbell's interests were removed from forming part of directors' interests.

During the year, 50,000 options previously granted to the Managing Director in 1999, were exercised into ordinary shares at $4.36 per option. The market value of the shares at the date of exercise was $6.00.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

30 RELATED PARTIES *continued*

Controlled entities

Details of interests in controlled entities are set out in Notes 12 and 27. Details of dealings with these entities are set out below:

The Company maintains accounts with group entities to finance certain expenditures in those entities (refer Note 8). Interest is charged on the outstanding balance of these accounts (refer Note 2).

The Company supplied chemical products to the Bushland Products, National Service Providers and Reward Supply groups in the normal course of business and on normal terms and conditions.

The aggregate amounts receivable from wholly-owned controlled entities by the Company at balance date are disclosed in Note 8 and the aggregate amounts payable to wholly-owned controlled entities by the Company at balance date are disclosed in Note 17.

Dividends received or due and receivable by the Company from wholly-owned controlled entities are disclosed in Note 2.

Associated entities

Details of investments in incorporated associates and a joint venture partnership are set out in Notes 11 and 28. Details of dealings with these entities are set out below:

The consolidated entity advanced a loan to Crossmark New Zealand Limited to finance business acquisitions (refer Note 8).

Joint venture partnership, Crossmark Asia Pacific, renders sales and merchandising services to the Company in the normal course of business and on normal terms and conditions.

Superannuation fund

Details of the consolidated entity's employee superannuation fund are set out in Note 25A.

31 SEGMENT REPORTING

Primary reporting - Business segments

The major products / services from which the consolidated entity's segments derive revenue are:

Business segments	*Products / services*
Laboratory Services	Provision of consulting and analytical laboratory services.
Consumer	Manufacture and distribution of consumer products and cleaning agents. Distribution of consumer products and services.
Industrial	Manufacture and distribution of industrial cleaning agents and chemicals. Distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.

Intersegment pricing is determined on an arms-length basis.

	LABORATORY SERVICES		CONSUMER		INDUSTRIAL		ELIMINATIONS		CONSOLIDATED	
	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000
Revenue										
External segment revenue	**123,937**	114,403	**127,899**	132,104	**140,397**	113,999	**-**	-	**392,233**	360,506
Inter-segment revenue	**-**	-	**-**	-	**1,063**	1,541	**(1,063)**	(1,541)	-	-
Total segment revenue	**123,937**	114,403	**127,899**	132,104	**141,460**	115,540	**(1,063)**	(1,541)	**392,233**	360,506
Unallocated revenue									**137**	82
Total revenue									**392,370**	360,588
Segment contribution										
Segment result before amortisation of goodwill	**21,262**	15,854	**5,696**	5,848	**9,325**	7,391	**-**	-	**36,283**	29,633
Share of net profit / (loss) of equity accounted investments	**235**	493	**(484)**	55	**-**	-	**-**	-	**(249)**	548
Total segment contribution	**21,497**	16,347	**5,212**	5,903	**9,325**	7,931	**-**	-	**36,034**	30,181
Profit										
Segment result after amortisation of goodwill	**20,337**	14,848	**4,555**	4,812	**8,491**	7,338	**-**	-	**33,383**	26,998
Share of net profit of equity accounted investments	**235**	493	**(484)**	55	**-**	-	**-**	-	**(249)**	548
Unallocated corporate expenses									**(11,625)**	(10,308)
Profit from ordinary activities before income tax									**21,509**	17,238
Income tax expense									**(6,903)**	(5,703)
Net profit									**14,606**	11,535

31 SEGMENT REPORTING *continued*

Primary reporting - Business segments *continued*

	LABORATORY SERVICES		CONSUMER		INDUSTRIAL		ELIMINATIONS		CONSOLIDATED	
	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000
Amortisation and depreciation										
Amortisation of goodwill	**925**	1,006	**1,141**	1,036	**834**	593	**-**	-	**2,900**	2,635
Depreciation and other amortisation	**6,813**	7,170	**2,507**	2,491	**3,381**	3,019	**-**	-	**12,701**	12,680
Unallocated corporate depreciation and amortisation									**167**	144
Total amortisation and depreciation									**15,768**	15,459
Non-cash expenses other than depreciation and amortisation	**1,368**	150	**48**	833	**85**	47	**-**	-	**1,501**	1,030
Unallocated corporate non-cash expenses									**(226)**	-
Total non-cash expenses									**1,275**	1,030
Assets										
Segment assets	**78,255**	79,370	**96,392**	97,018	**89,029**	75,761	**-**	-	**263,676**	252,149
Equity accounted investments	**1,469**	1,990	**1,991**	2,498	**-**	-	**-**	-	**3,460**	4,488
Unallocated corporate assets									**17,209**	16,232
Consolidated total assets									**284,345**	272,869
Liabilities										
Segment liabilities	**12,064**	12,830	**13,701**	13,796	**14,983**	12,114	**-**	-	**40,748**	38,740
Unallocated corporate liabilities									**107,851**	107,638
Consolidated total liabilities									**148,599**	146,378
Non-current assets										
Acquisitions of non-current assets	**9,307**	7,478	**1,534**	4,479	**1,879**	434	**-**	-	**12,720**	12,391
Unallocated corporate acquisitions									**145**	202
Total acquisitions of non-current assets									**12,865**	12,593

Secondary reporting - Geographical segments

The consolidated entity's business segments operate geographically as follows:

Geographical segments	*Products / services*
Australasia	Provision of consulting and analytical laboratory services. Manufacture and distribution of consumer and industrial cleaning agents and chemicals. Distribution of consumer products and services. Distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.
Americas	Provision of consulting and analytical laboratory services. Distribution of consumer products.
Other*	Provision of consulting and analytical laboratory services. Manufacture and distribution of consumer products.

	AUSTRALASIA		AMERICAS		OTHER*		CONSOLIDATED	
	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000	2004 $000	2003 $000
External segment revenue by location of customers	**292,759**	268,202	**77,040**	68,960	**22,571**	23,426	**392,370**	360,588
Segment assets by location of assets	**224,012**	207,791	**44,479**	47,455	**15,854**	17,623	**284,345**	272,869
Acquisitions of non-current assets	**7,633**	8,486	**4,652**	3,482	**580**	625	**12,865**	12,593

* Comprises Asia and Papua New Guinea.

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

32 NOTES TO THE STATEMENTS OF CASH FLOWS

(i) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash assets net of outstanding bank overdrafts. The cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Cash assets	7	**7,217**	6,858	**833**	1,141
Bank overdraft	17	**(725)**	(552)	**-**	-
		6,492	6,306	**833**	1,141

(ii) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	THE COMPANY 2004 $000	THE COMPANY 2003 $000
Profit from ordinary activities after income tax	**14,606**	11,535	**2,364**	7,830
Add/(less) items classified as investing / financing activities:				
Dividends receivable	**-**	-	**-**	(4,500)
(Profit)/loss on sale of property, plant and equipment	**39**	47	**32**	(62)
Finance changes on capitalised leases	**142**	123	**7**	1
Add/(less) non cash items:				
Amortisation	**5,771**	5,179	**1,775**	1,695
Amounts set aside to provisions	**626**	51	**(133)**	(188)
Depreciation	**9,997**	10,280	**2,948**	2,955
Inventories written off	**216**	119	**18**	51
Bad debts written off	**433**	423	**13**	47
Write down in value of investment	**-**	437	**-**	-
Share of associates' and joint venture's net (profit) / loss	**249**	(548)	**-**	-
Unrealised foreign currency (gain) / loss	**-**	-	**183**	(62)
Net cash provided by operating activities before change in assets and liabilities	**32,079**	27,646	**7,207**	7,767
Change in assets and liabilities during the financial year:				
(Increase) / decrease in amounts owing by controlled entities	**-**	-	**(1,011)**	2,724
(Increase) / decrease in trade and other debtors	**(5,456)**	2,507	**5,470**	4,682
(Increase) / decrease in inventories	**338**	(79)	**1,656**	1,338
(Increase) / decrease in other current assets	**1,215**	(989)	**635**	162
(Increase) in product dispensers and development costs	**(1,210)**	(1,433)	**(1,085)**	(1,516)
(Decrease) / increase in trade and other creditors	**(336)**	105	**(649)**	1,210
(Decrease) / increase in taxation provisions	**(1,403)**	1,517	**(235)**	884
(Decrease) / increase in deferred revenue	**(2)**	(147)	**-**	-
Net cash provided by / (used in) operating activities	**25,225**	29,127	**11,988**	17,251

(iii) Acquisition of controlled entities and businesses

CONTROLLED ENTITIES AND BUSINESSES ACQUIRED DURING THE YEAR	DATE ACQUIRED	INTEREST ACQUIRED %	CONSIDERATION $000
Currey (N.Q.) Pty Ltd	30 November 2003	100	2,565
Whitsunday Catering Supplies Pty Ltd	1 December 2003	100	1,640
Businesses acquired during the year (a)	1 August - 1 December 2003	100	10,550
			14,755

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

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

32 NOTES TO THE STATEMENTS OF CASH FLOWS *continued*

(iii) Acquisition of controlled entities and businesses *continued*

	CONSOLIDATED 2004 $000	2003 $000
Details of the acquisitions are as follows:		
Total consideration	**14,755**	6,590
Minority equity investment in Reward Supply Co. (N.Q.) Pty Ltd	**(800)**	-
Consideration payable in future years	**(1,000)**	-
Cash acquired	**61**	(1,131)
Outflow of cash	**13,016**	5,459
Fair value of net assets acquired:		
Property, plant and equipment	**1,876**	934
Intangibles	**446**	-
Inventories	**4,096**	2,012
Trade debtors	**2,019**	3,171
Other debtors and prepayments	**140**	382
Future income tax benefit	**141**	160
Cash assets	**(61)**	1,131
Trade creditors	**(2,197)**	(2,128)
Other creditors and accruals	**(615)**	(600)
Provisions	**(557)**	(904)
Lease liabilities	**(1,051)**	(320)
Bank loans and overdrafts	**-**	(50)
Net assets at date of acquisition	**4,237**	3,788
Outside equity interest at acquisition	**-**	(352)
Goodwill on acquisition	**10,518**	3,154
Consideration	**14,755**	6,590

(iv) Dividends paid

Dividends paid during the year totalled $12,230,000 (2003: $11,654,000). Of this, $2,908,000 (2003: $1,794,000) was reinvested under the Dividend Re-investment Plan, and $150,000 (2003: $160,000) was attributable to the repayment of employee share loans in accordance with the Employee Share Plan. The amount of dividend paid in cash was $9,172,000 (2003: $9,700,000).

(v) Non-cash financing activities

During the financial year the consolidated entity acquired property, plant and equipment with an aggregate fair value of $1,009,000 (2003: $583,000) by means of finance leases (the Company: $128,000; 2003: nil).

NOTES to THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

33 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest rate risk

The consolidated entity enters into interest rate swaps and interest rate options to manage cash flow risks associated with floating interest rates on borrowings.

Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	NOTE	FLOATING INTEREST RATE $000	FIXED INTEREST REPRICING IN: 1 YEAR OR LESS $000	FIXED INTEREST REPRICING IN: 1 TO 5 YEARS $000	NON-INTEREST BEARING $000	TOTAL $000	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE*
2004							
Financial Assets							
Cash assets	7	7,217	-	-	-	7,217	1.1%
Receivables	8	661	-	-	67,796	68,457	4.8%
		7,878	-	-	67,796	75,674	
Financial Liabilities							
Payables	16	-	-	-	33,932	33,932	n/a
Bank overdrafts and loans	17	98,544	-	-	-	98,544	5.7%
Lease liabilities	17	-	900	1,813	-	2,713	7.7%
Dividends payable	18	-	-	-	-	-	n/a
Employee benefits	18	9,193	-	-	-	9,193	5.5%
		107,737	900	1,813	33,932	144,382	
Interest rate contracts (notional principal amounts)		(34,139)	5,000	29,139			
2003							
Financial Assets							
Cash assets	7	6,858	-	-	-	6,858	1.3%
Receivables	8	-	-	-	64,076	64,076	n/a
		6,858	-	-	64,076	70,934	
Financial Liabilities							
Payables	16	-	-	-	32,347	32,347	n/a
Bank overdrafts and loans	17	90,833	-	-	-	90,833	5.5%
Lease liabilities	17	-	564	1,244	-	1,808	7.8%
Dividends payable	18	-	-	-	6,657	6,657	n/a
Employee benefits	18	8,782	-	-	-	8,782	5.3%
		99,615	564	1,244	39,004	140,427	
Interest rate contracts (notional principal amounts)		(35,151)	5,000	30,151			

* The weighted average effective interest rate on bank overdrafts and loans incorporates the effect of interest rate contracts.

33 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE *continued*

(b) Foreign exchange risk

The consolidated entity borrows funds in foreign currencies to hedge its investments in foreign controlled entities. The consolidated entity enters into forward foreign exchange contracts in line with its policy to hedge a proportion of certain anticipated sales and purchase commitments denominated in foreign currencies (principally US dollars and Euros) in each month. The terms of these commitments are generally less than three months. The amount of anticipated future sales and purchases is forecast in light of current conditions in foreign markets, customer orders, commitments to suppliers and experience. The AUD-equivalents of gross values of forward foreign exchange contracts at 31 March 2004 were:

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000
Buy US dollars*	**1,809**	3,120
Sell US dollars *	**-**	814
Buy Euros *	**67**	366
* all contracts maturing not later than one year	**1,876**	4,300

(c) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers.

The consolidated entity is not materially exposed to any individual overseas country or individual customer. Concentrations of credit risk on trade debtors are: Laboratory Services 36.9% (2003: 37.5%), Consumer 29.5% (2003: 30.8%), Industrial 33.6% (2003: 31.7%).

Unrecognised financial instruments

Credit risk on interest rate and foreign exchange contracts which have not been recognised on the statement of financial position is minimal as counterparties are large Australian and international banks with acceptable credit ratings determined by a recognised ratings agency.

The credit risk on interest rate contracts is limited to the net amount to be received from counterparties on contracts that are favourable to the consolidated entity. The accrued amount due to the consolidated entity at 31 March 2004 amounted to $11,000 (2003: nil).

The maximum credit risk exposure on foreign currency contracts is the full amount the consolidated entity pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the consolidated entity. The exposure at 31 March 2004 is quantified in Note (b) above.

(d) Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities recognised in the statement of financial position approximate their fair values.

The valuation of financial instruments not recognised in the statement of financial position, detailed below, reflects the estimated amounts which the consolidated entity would expect to (pay) or receive to terminate the contracts, net of transaction costs, or replace the contracts at their market rates at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000
Interest rate contracts - refer Note 33 (a)	**(313)**	(586)
Forward foreign exchange contracts - refer Note 33 (b)	**(39)**	(11)
	(352)	(597)

34 EVENTS SUBSEQUENT TO BALANCE DATE

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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of Campbell Brothers Limited:

(a) the financial statements and notes numbered 1 to 34 are in accordance with the Corporations Act 2001, including;

 (i) giving a true and fair view of the financial position of the Company and the consolidated entity as at 31 March 2004 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

 (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) 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:

R J White Dated at Brisbane on 25 May 2004

Chairman

B R Brown Dated at Brisbane on 25 May 2004

Managing Director

INDEPENDENT AUDIT REPORT

To the members of Campbell Brothers Limited

SCOPE

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes 1 to 34 to the financial statements, and the directors' declaration for both Campbell Brothers Limited (the "Company") and Campbell Brothers Limited and its controlled entities (the "Consolidated Entity"), for the year ended 31 March 2004. The Consolidated Entity comprises both the company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Campbell Brothers Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 March 2004 and of their performance for the financial year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

Mitchell C Petrie
Partner

Dated at Brisbane on 25 May 2004