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Campbell Brothers' FY profit climbs 37%

Brisbane-based diversified industrial company Campbell Brothers Limited today announced an underlying net profit (after tax before unusual items) attributable to members of \$34.2 million for the year ended 31 March 2006, an increase of 36.8 per cent on the \$25.0 million recorded last year (adjusted for adoption of Australian equivalents to International Financial Reporting Standards (AIFRS)).

The result marks the second consecutive year of net profit growth above 30 per cent and further growth of at least 20% is expected in 2006/07.

The profit was generated from annual revenue of \$522.7 million, up 20 per cent on the \$435.6 million recorded in 2005.

Campbell Brothers Chairman Geoff McGrath said the Company would pay shareholders a final fully-franked dividend of 29 cents per share, bringing the total full year dividend to 50 cents per share, fully franked, up from 42 cents last year.

The dividend will be paid on 3 July 2006 based on shares held at 9 June 2006.

Campbell Brothers comprises four major business divisions:

	2006 \$000	2005 \$000	Increase / (Decrease)
Laboratory Services			
Revenue	208,901	156,497	33%
Segment Contribution	47,318	35,598	33%
Campbell Chemicals			
Revenue	167,083	178,525	(6)%
Segment Contribution	9,457	7,928	19%
Campbell Brothers Services			
Revenue	37,170	22,419	66%
Segment Contribution	3,111	2,179	43%
Reward Distribution			
Revenue	112,015	80,548	39%
Segment Contribution	5,929	4,820	23%

Mr McGrath said Campbell Brothers had delivered a substantial increase in revenue and profit over the past 12 months by expanding its product and service offering and its geographical reach.

"With multiple business units servicing a diverse range of sectors and industries, the Company is able to use its international scope and resources to identify and embrace opportunities," he said.



Campbell Brothers' strong full-year results were once again driven by its flagship Laboratory Services division which contributed over 70 per cent of the divisional profit.

The Laboratory Services division produced another year of record revenue and profit contribution driven by improved performances in all geographic regions and across both the environmental and minerals sectors.

Campbell Brothers Managing Director and Chief Executive Officer Greg Kilmister said the Company has worked hard to increase the revenues and overall profit contributions of its other three divisions – Campbell Chemicals, Campbell Brothers Services and Reward Distribution.

Revenue from the Campbell Chemicals division fell compared with the previous year following the disposal of the traditional branded Consumer Products business in October 2004. Despite this reduction in revenue, segment contribution increased following a rationalisation of product lines and operational restructures in both the Industrial Chemical and Panamex Pacific business units.

The Campbell Brothers Services division, through acquisitions, combined with greater market penetration and geographic coverage, delivered strong revenue and contribution increases over the previous financial year.

The Reward Distribution division enjoyed substantial increases in both revenue and contribution as it realised the benefits of significant acquisition activity in Australia and New Zealand over the past two years.

Mr Kilmister said the Company had undertaken a number of strategic initiatives during the past 12 months to better position its operations in the market.

This included reviewing existing operations to ensure the Company's products and services matched customer needs; identifying, assessing and entering new markets; and restructuring business units and divisions to bolster operational effectiveness, reduce costs and ensure similar business units were grouped together.

During the year, the Laboratory Services division implemented a new regional management structure for the global operations of the ALS Laboratory Group and commenced the process of defining new opportunities in all six of its operating regions.

The Company has also expanded the geographical spread of its operations by organic growth and by acquiring new businesses which add value to the Company by reaching additional customers and providing new offerings.

The ALS Laboratory Group has made significant progress along the path to becoming a truly global provider of a diverse range of analytical testing services by acquiring two environmental laboratory groups: Enviro-Test Laboratories (ETL) based in Edmonton (Canada) and Ecochem, based in Prague (Czech Republic), as well as opening several new laboratories, including those at Sudbury (Canada), Chihuahua (Mexico) and Winnemucca (USA).



Reward Distribution broadened its geographic coverage of the Australasian hospitality distribution market with acquisitions in New Zealand, Western Australia and Victoria.

Campbell Brothers Services completed its national pest control expansion with the acquisition of Dawson's Pest Control in Victoria.

"As part of the Company's strategy, its divisions are increasingly offering services, rather than just products, because services can be more easily adapted to match changing market conditions," Mr Kilmister said.

"Ultimately, Campbell Brothers is able to identify new trends quickly, enter new markets and set new benchmarks for shareholder returns."

The Company expects to deliver continued earnings growth in the 2006-07 financial year from both the organic growth of existing businesses and from a pipeline of planned acquisitions which complement the Company's business strategy.

In January 2006, the Company completed a 1-for-5 rights issue and share placement, raising \$80 million to provide capital for the acquisition program.

"While all divisions are on the lookout for suitable acquisitions, the primary focus is on the Laboratory Services division where Campbell Brothers has a genuine competitive advantage and proven business model," Mr Kilmister said.

"With data indicating that mining and mineral exploration expenditure is to remain high in the near term, Campbell Brothers expects that its Laboratory Services division will continue to be the key profit contributor."

"To offset any downturn in the commodities market, the ALS Laboratory Group is pursuing further acquisitions to continue the diversification into new analytical services markets as highlighted by the recent ETL and Ecochem acquisitions and is currently moving to capture emerging opportunities in Europe and Asia."

ENDS:

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