



## **2006 Annual General Meeting**

### **Written Questions from Shareholders for 2006 AGM**

Of the written questions received from shareholders before the AGM, there were several common themes.

Responses to some of these questions were given during the AGM, either in the speeches presented by the Chairman and Managing Director or in discussion when resolutions were put to shareholders.

Following are responses to some of the other more frequently asked questions received.

#### **Ques 1: What is the future expectations of Australian earned income versus overseas income.**

Campbell Brothers is truly a global company. Our expertise and capabilities are just as applicable to overseas markets as they are to Australian markets. Whilst Australian markets will always rate highly for the company, we will pursue opportunities anywhere in the world where we feel we can achieve the best returns on capital invested and that fit our risk profile.

Therefore, it is likely that the overseas earnings will keep growing ahead of Australian based earnings.

#### **Ques 2: Why doesn't the Company undertake a share split to increase the share liquidity of the company?**

The turnover in Campbell Brothers shares has historically been relatively low due to the shares being 'tightly held'. Turnover in the Company's shares for the financial year ended 31 March 2006 was 3.84 million shares at a total value of \$42.85 million. This equates to a 8.54 percent turnover in CPB shares for the year.

The Company's shares are represented on the All Ordinaries Index at a weighting of 0.06 percent. For a company to be represented on the major ASX Index lists favoured by the institutional fund managers, such as the ASX 200 or ASX 300, liquidity in Campbell Brothers shares would need to increase substantially to a level of 50 percent of its market capitalisation over a six month period. A share split may increase the volume of shares on issue but not necessarily increase the volume of shares traded as a result.

**Ques 3: There was only a modest increase in Return on Shareholders Funds over the past year. What is being done to increase the level in future years?**

Directors were happy with the 16.8 percent Return on Average Shareholders' Equity for 2006, particularly as the rights issue in the final quarter added \$80 million to shareholders' funds. Expectations are for improved returns again in the 2007 financial year.

**Ques 4: Why is Campbell Brothers moving into the highly competitive Security business?**

We acknowledge that this field is competitive. The offering by Campbell Brothers Services is a trial targeting the NSW metropolitan market.

**Ques 5: What does the Company see as the major impact of the change in Accounting Standards to IFRS from the 2005 accounts.**

Under the new international accounting standards, goodwill is no longer amortised, but is subject to annual impairment testing. The adjustment lowers amortisation expense and increases profit. CBL has always focussed on pre-amortisation profitability and doesn't foresee any major impact. The 2005 profit impact saw an adjustment for IFRS of only \$200,000.

**Ques 6: Can you please advise as to the independence of your statutory auditor, KPMG, given the level of audit and other fees paid to them during the year as well as last year.**

The matter of audit independence is taken very seriously by both the Company and KPMG. All matters have to meet KPMG's own internal rules and policies and also be considered and signed off by the Company's Audit and Compliance Committee.

There has been continued acquisition activity over the past year as well as a capital raising (Rights issue). There are further acquisitions planned for the current year. We use KPMG where feasible as they understand our business and have a global presence.

The previous years' fees included due diligence work carried out on the Consumer Brands sale to Colgate Palmolive in October 2004.

**Ques 7: In relation to risk management, what is the single greatest threat to the Company's future profitability and what is in place to guard it?**

Each Division of Campbell Brothers has implemented a key strategic risk register. A common risk amongst all Divisions was succession planning, and attraction and retention of key personnel. As this is a common risk amongst all Divisions CBL will be employing a full time human resources professional in the Corporate Group who will be responsible for succession planning and career development.