

29 May 2007

Record FY profit for Campbell Brothers

Brisbane-based diversified industrial company Campbell Brothers Limited (ASX Code: CPB) today announced a net profit for the full year ended 31 March 2007 of \$59.1 million (including an after tax profit on the sale of Campbell Brothers Services of \$7.4 million), a 69.5 percent increase on the previous year.

Net profit after tax (excluding the gain on the sale of Campbell Brothers Services) attributable to underlying operations was \$51.6 million, an increase of 51.1 per cent on the \$34.2 million recorded last year.

Financial Results \$'000	Revenue			Contribution		
	FY2007	FY2006	+ / -	FY2007	FY2006	+ / -
ALS Laboratory Group	342,150	208,901	63.8%	79,486	47,318	68.0%
Campbell Chemicals	163,907	167,082	(1.9%)	8,153	9,457	(13.8%)
Reward Distribution	134,998	112,015	20.5%	5,506	5,929	(7.1%)
Campbell Brothers Services*	26,787	37,170	(27.9%)	798	3,111	(74.3%)
Intra-group revenue	(5,188)	(2,514)				
Total divisional contribution	662,654	522,654	26.8%	93,943	65,815	42.7%
Net profit after tax				59,066	34,843	69.5%
Less unusual items net of tax				7,418	666	
Underlying net profit				51,648	34,177	51.1%

* Divested January 2007

Campbell Brothers Chairman Geoff McGrath said the Company would pay shareholders a final dividend of 42 cents per share (50% franked), bringing the total full year dividend to 70 cents per share (50% franked), up from 50 cents last year (fully franked).

The dividend will be paid on 2 July 2007 based on shares registered as at 13 June 2007.

Mr McGrath said Campbell Brothers had continued its record growth on the back of increased revenue and profit over the past 12 months aided by the acquisitions made in the latter part of FY2006.

“The acquisitions made in the previous period, coupled with strong underlying performance growth, have paved the way for the Company to boost its earnings in the period under review,” he said.

The major factor behind this increase was the ongoing strong performance of the ALS Laboratory Group, which contributed over 80 per cent of the divisional profit and over 50 percent of the revenue.



CAMPBELL BROTHERS LIMITED

Campbell Brothers Managing Director and Chief Executive Officer Greg Kilmister said the Laboratory Services division was the standout performer.

“The division has experienced ongoing demand for its environmental and minerals testing services in all geographic regions and continues with its strategy of becoming a global provider of a diverse range of analytical testing services. In particular, the operations in Australia, North America and South America showed strong organic growth and the maintenance of solid operating margins”.

Revenue from the Campbell Chemicals division decreased slightly compared with the previous year following the finalization of contract manufacturing services temporarily provided to Colgate; the purchaser of the branded consumer products business. Segment contribution was down on last year due to increased raw material, fuel and freight costs.

The Reward Distribution division enjoyed an increase in revenue but it had a lower contribution than last year due to significant one off costs involved in:

- consolidating warehouse operations in Sydney, Melbourne and Perth
- upgrading financial reporting systems
- centralising back office functions
- producing a national catalogue

Mr Kilmister said the Company had undertaken a rationalisation program during the past 12 months to better position its operations in the market.

This included divestment of the Campbell Brothers Services division as it was non-core to the Company’s operations.

The implementation of a regional management structure by ALS Laboratory Group in its global operations during 2005 underpinned the substantial returns achieved by the group over the past year.

The ALS Group expanded its service offering and geographic footprint during the year by acquiring new entities involved in the mineral, environmental, food and pharmaceutical testing areas. These acquisitions included Abilabs in Africa, Analytica in Sweden and Consulchem in Australia.

Reward Distribution made several acquisitions during the year to bolster its national presence in the hospitality distribution market with acquisitions of Pandee Services in South Australia and McCarthy’s in New South Wales.

Mr Kilmister said the Company will be concentrating its attention on the Laboratory Services division where Campbell Brothers has shown that it has a genuine competitive advantage and proven business model.

“Campbell Brothers expects that the Laboratory Services division will continue to be the key profit contributor. All indications are that the market for ALS’s services will remain buoyant for some time, at least in the near term to 2010.”

“The ALS Laboratory Group is gearing up to make further acquisitions to continue the diversification into new analytical services markets and is currently investigating opportunities in Europe, Asia and North America.”



During the year the Company diversified into coal laboratory services via a number of green-field start-ups. Initial operations are under development in Newcastle and Gladstone in Australia, and will be followed by further coal laboratory developments in South Africa and Russia.

Having acquired a substantial interest in CCI Holdings Limited under its takeover offer during 2006, Campbell Brothers entered into an option agreement and a commitment to support a scheme of arrangement in March 2007, whereby Bureau Veritas SA would acquire CCI Holdings Ltd. Mr Kilmister said that as the Company had decided to enter the coal services market via a green-field start-up, the value in pursuing the full acquisition and integration of CCI would diminish over time. The Company sees the Bureau Veritas offer as attractive and is pleased to support the offer.

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