



CAMPBELL BROTHERS
LIMITED

HALF YEARLY SHAREHOLDERS' REPORT
6 MONTHS TO 30 SEPTEMBER 2001



First Half Result Continues Campbell Brothers' Sound Progress

Campbell Brothers Limited has continued its run of profit growth, reporting a modest pre-abnormal profit gain for the half year ended 30 September 2001.

Campbell Brothers' net profit after tax (before abnormal items and goodwill amortisation), attributable to members, was \$7 million, a 2.2% improvement from the \$6.84 million achieved in the previous corresponding half-year. On a post-abnormals basis, the previous year's result was 35.95% higher at \$10.92 million but this was due to a \$4.08 million abnormal gain from the forced sale of Campbell Brothers' Bowen Hills property which was resumed to allow construction of Brisbane's inner-city bypass.

This year's first half result was realised from a turnover of \$168.78 million, a 5.5% increase from \$160.02 million in the six months to September 2000.

Directors have declared a fully franked interim dividend of 13 cents per share; unchanged from last year. The dividend will be paid on 14 December 2001 on all shares registered in the Company's register at the close of business on 23 November 2001 including those shares issued as a result of the successful 1 for 5 rights issue concluded in July 2001. As a result total payout to shareholders for this dividend increases from \$4.07 million to \$5.01 million.

The improved first half result continues Campbell Brothers' consistent profit growth, which has been aided in recent years by its business diversification strategy.

All of the group's divisions made sound contributions to the half-year result.

Campbell Brothers' fastest growing division, Laboratory Services, increased sales by 11.9% from \$38.54 million to \$43.16 million during the half-year to September 2001. The Divisional net profit of \$5.95 million represented an improvement of 23.2% on the \$4.83 million achieved in the September 2000 half-year.

The division's result was boosted by the inclusion for the first time of ASL Holdings Limited, a Canadian-based environmental laboratory business acquired in April 2001. Other contributing factors were improving mineral sample flows in the latter months of the half, success in being awarded a number of significant environmental analysis contracts and a strong focus on cost control.

The Consumer Division recorded sales revenue for the half of \$77.21 million, an increase of 6.0% from \$72.82 million in the September 2000 half year. The division's operating profit fell 0.6% (\$4.94 million to \$4.91 million). This result was affected by prolonged industrial action at an important supplier's operations, which has now been resolved.

Profit contribution from the Industrial Division was down 8.5% to \$3.03 million (September 2000: \$3.31 million). Revenue fell 0.5% to \$48.41 million from \$48.67 million the previous corresponding half-year. The division continued to experience disruptions from the relocation of its largest plant from Bowen Hills (Qld) to Darra (Qld), which was completed September 2001. Imported raw material costs increased as \$A exchange rates fell.

"The Consumer Division is continuing to secure operational benefits from its recent centralisation. Similarly, the relocation of our Industrial Division's manufacturing plant, which was completed towards the end of the first half, means that division can now take better advantage of the operational efficiencies achievable at the new facility."

Media Release 4 December 2001

Acquisition takes Campbell Brothers labs to top world ranking

Campbell Brothers Limited will become the world's largest provider of laboratory analysis services to the minerals industry after today announcing its laboratory business, Australian Laboratory Services Pty Ltd (ALS), will buy major North American minerals laboratory group Bondar Clegg.

Campbell Brothers announced ALS had entered into an agreement to acquire Bondar Clegg which has laboratories throughout North and South America - in Canada, the USA, Mexico, Bolivia, Ecuador, Brazil, Argentina, Chile and Peru. Originally established in 1962, Bondar Clegg is the second largest player after ALS in the North and South American markets.

ALS provides services to several different industry sectors throughout the world but the Bondar Clegg acquisition will make its minerals division, ALS Chemex, the world's largest provider of laboratory analysis services to the minerals industry. ALS is also a leading provider of laboratory analysis services to the environmental, oil, food and electronics industries.

Campbell Brothers Managing Director Bruce Brown said the acquisition cost was about A\$8 million and included a significant provision to cover the cost of rationalising Bondar Clegg laboratories in areas where its operations overlapped with existing ALS facilities.

"This acquisition strengthens ALS's position as a vigorous, global business. By combining these two businesses, ALS Chemex will become the largest global provider of analytical services to the mining sector with a market share approaching 30 percent."

Consumer Products Division

Comprising several distinct business units, the Consumer Products Division manufactures and/or markets a broad range of fast moving consumer goods and services throughout Australia, New Zealand & the Pacific region as well as having a substantial presence in the home services market in Australia.

Campbell Consumer Products

The business, which manufactures household cleaning and related products, had a very good six months. This was particularly the case given the recent relocation of liquids manufacturing, marketing, technical and administration functions from Brisbane to Sydney, and the transfer of the sales function to CROSSMARK Asia Pacific. The management team is to be congratulated for maintaining existing business performance levels during this major transition process.

Apart from the relocation, external factors impacted on the business, including industrial action at a major supplier's business in July and August which caused stock supply problems. Operations have now returned to normal.

The newly-established marketing team is focusing on brand management, expanding the Hurricane brand into household cleaning categories. In addition, several new products have been released, including Fluffy IronEze, Australia's first fabric softener to reduce ironing. A new laundry powder range, Castle Oxyfresh, with specific whiteness and brightness features, has also been released and replaces the Castle Excel range of products. A marketing program to build additional brand equity in our key brands has begun.

In New Zealand, our operations have undergone substantial change and we expect an improved market share performance as we harmonise brand development activities with those of the Australian market.

CROSSMARK Asia Pacific

CROSSMARK Asia Pacific is a joint venture established at the start of the first half, in April, between Campbell Brothers Limited and CROSSMARK Holdings Inc of the USA, where CROSSMARK is one of the top three providers of sales and marketing outsourcing services to the giant US consumer products market. In the US, these outsourcing services account for about 65% of the consumer goods market, compared to less than 15% in Australia. We believe a huge opportunity exists in this country for a multinational player with a business model based on state-of-the-art technologies.

CROSSMARK Asia Pacific is now fully established with its head office at Norwest Business Park in Sydney.

We are seeking additional clients and are confident of soon securing substantial additional representation.

We are confident that this business will be highly successful with the first substantial benefits appearing in the 2002/2003 financial year.

Panamex Pacific

The performance of this business has improved dramatically compared to last year and we expect satisfactory returns for the full year. This has been accomplished through a review of strategies, market specific performance and operational processes, and has occurred despite weak market conditions, particularly in Papua New Guinea (PNG).

Panamex Pacific is based in Auckland and distributes consumer goods principally in the PNG and Pacific Island markets. We continue to seek highly beneficial growth opportunities while remaining aware of market weaknesses and are investigating the opportunities for co-operation with Campbell Consumer Products to take advantage of substantial business synergies.

We also have a controlling interest in Orion Export, an Auckland-based trading house focusing on industrial products and cruise ship supplies for the Pacific region. This business has been a strong performer since acquisition.

National Service Providers (NSP)

During the six months, we maintained our market leadership position while controlling costs, improving productivity and quality and holding sales levels across our range of services. External factors presented challenges, which are being met.

Since the introduction of the GST, margins have been eroded by the many, smaller operators. While there was a belief the GST would put an end to the "cash" or "black" economy it appears that this practice has actually increased, creating further competitive pressure.

Also, the events of September 11 have impacted consumer confidence. It is yet to be seen what the future consequences will be for spending on discretionary products and services.

The general carpet and upholstery cleaning business of Myer/Grace Bros Cleaning Services is operating soundly.

The plumbing operation is being revamped to maximise profitability and improve productivity.

The computer training operations are seeking to expand the existing relationship with Telstra Big Pond and further developing the relationship with Harvey Norman stores.

Additional business opportunities are being pursued to complement the service culture of NSP.

Industrial Products Division

The Division, which comprises several business units, is a leading industrial and food chemical group, involved in importing, manufacturing and distributing industrial cleaning agents, cleaning systems and non-food consumables throughout Australia and New Zealand.

Campbell Cleantec

The relocation to improved new facilities has been our focus for the six-month period with the short-term additional costs incurred in this process to be offset by longer-term productivity gains.

Sales are steady with poorer economic conditions affecting growth prospects, something which has been common to all business segments.

Another external factor affecting the division's performance was the rising cost of raw materials caused by the lower value of the A\$. This fluctuation in the value of the currency has eroded margins.

In response, management is analysing all material costs and reviewing pricing. We are also improving operations by diversifying our raw material supply base and transport arrangements. Our primary areas of focus are now:

- increasing volume at Darra, either through acquisition or the introduction of additional products and services
- better information management of businesses and
- better control of working capital.

Future growth prospects include the potential acquisition of related businesses, technology-driven operational improvements, export opportunities and the formation of new agreements to contract manufacture and manufacture under licence.

Food Hygiene Systems (FHS)

The business experienced pressure on margins but successfully counteracted this with additional sales to key customers.

Future sales growth has been underpinned by the business winning several important national accounts.

Commercial Hygiene Systems (CHS)

There have been some difficulties due to external factors affecting demand from our customer base.

The Ansett collapse has had consequences for our customers in the tourism and leisure sectors and will translate into an impact on sales of product to the hotel industry and other tourism-related businesses.

Industrial Products Division *continued*

Chemical Systems Engineering (CSE)

The business continues to explore growth opportunities for its specialised skills in the design, project management and construction of engineering systems, resulting in the business securing some major national contracts.

Industrial Solutions Australia (ISA)

This business is achieving sales targets and continues to integrate its services throughout the Industrial Products Division.

Deltrex Chemicals

Deltrex has maintained its position as a leading industrial and food chemical business, delivering a sound trading performance during the six months.

A particularly good performance was achieved in the New South Wales market, realising the business's ambitions to grow sales in that region.

Reward Supply Co.

The business continues to perform well in a soft economic market.

Despite a downturn in the Gold Coast market due to a fall in hotel occupancy rates, we continue to secure quality business in the Gold Coast area, especially in high-rise towers, nursing homes and restaurants, as well as continued supply to the local theme parks.

A goal of making further operational improvements through the increased use of latest technology has been achieved through the use of palm pilots by sales representatives. Improvements in managing product orders and delivery has also resulted in greater efficiency.

In the Northern Territory, Reward Supply Co. (NT) (formerly Parker & Harvey Chemicals) has won some key distribution contracts and intends to further grow its customer base to include the restaurant trade and also gain new government accounts.

Proclean NZ is experiencing a static market, especially in the Building Services area.

Price competition has reduced margins but this has been offset by new business, including a major contract for the supply of chemicals and janitorial supplies to one of NZ's largest contract cleaning companies.

Proclean NZ is actively looking for complementary businesses to further grow sales and market share and to diversify its customer base. As part of the growth strategy, the business unit is seeking to outsource chemical manufacture and focus on sales and distribution.

Laboratory Services Division

This Division is a world leader in analytical laboratory services in the fields of minerals, environmental, oils, technology and electronics.

Australian Laboratory Services (ALS)

The division has achieved a good six months' result which benefited from the Analytical Service Laboratories (ASL) acquisition in Vancouver from 1 April 2001.

Further overseas expansion is envisaged as the Australian market, where ALS holds a leading position, is quite mature.

Expansion already underway includes a Santiago (Chile) environmental laboratory which will be operational by December 2001. Other expansion opportunities are being pursued in Canada, Mexico and South America in the environmental area.

ALS's focus is capitalising on business development opportunities and further diversifying in analytical services and target markets.

Operational benefits will result from the division's new IT platform, StarLims, which has been under development for the last 12 months and will be rolled out to all laboratories from December.

ALS Chemex

The outlook for the key markets of mining and exploration are showing slight signs of improvement as major mining companies continue to consolidate into larger groups which are more geographically diverse.

ALS Chemex is aggressively focussing on cost management and is seeking ongoing improvements in operational efficiency through automation.

The Tanzania laboratory is now commissioned and we are starting to see the benefits of an East African presence.

Access to the Swedish market place has been gained through a new franchise agreement with a sample preparation laboratory there. ALS will pursue further outsourcing opportunities with major mining houses.

ALS Environmental

All environmental laboratories have had a strong first six months with high demand for our services. A number of large contracts have been successfully secured throughout Asia and there are opportunities to further expand services to Asian countries.

A new laboratory has been built in Hong Kong to increase capacity and provide the opportunity for further diversification. The new facility is expected to be operational from December. A complete refurbishment of the Brisbane laboratory is 50% completed.

ALS WearCheck

WearCheck, the specialist oils division, made advances in operational areas during the six-month period. WebCheck, the web-based client interface to the laboratory, is progressing well.

The WearCheck business has also been introduced into the Singapore laboratory.

Financial Summary

Half Year Ended 30 September

	2001 \$000	2000 \$000	% Variance
Net Sales	168,775	160,020	5.47
Net Contribution Before Tax	14,044	13,167	6.66
Less: Unallocated Corporate Admin & Finance Expenses	4,352	3,257	
Operating Profit Before Tax, Amortisation and Abnormals	9,692	9,910	(2.20)
Less: Taxation	2,696	3,066	
Net Operating Profit After Tax before Amortisation and Abnormals	6,996	6,844	2.22
Less: Goodwill Amortisation	1,017	703	
Net Operating Profit After Tax and Amortisation Before Abnormals	5,979	6,141	(2.64)
Add: Abnormal Items (Net of Tax)	-	4,079	
Net Profit	5,979	10,220	(41.50)
Share Capital	95,338	66,184	
Shareholders' Equity	128,438	95,923	
Dividend per Share (cents)	13.0	13.0	
Earnings Per Share (cents) before Abnormals	16.77	19.68	

Financial Calendar

2001/2002

Year End	31 March 2002
Full Year Results and Dividend Announced	21 May 2002
Record Date for Final Dividend and DRP	7 June 2002
Annual Report Released and Notice of Meeting Mailed	14 June 2002
Final Dividend Paid	1 July 2002
AGM	16 July 2002

Note: Dates subject to alteration

Shareholder Information

Visit the Company's website at www.campbell.com.au for the latest information on the Company's activities.

If you have any questions concerning your CBL shareholding, share transfers or dividends, please contact our share registry, Computershare Investor Services Pty Ltd. They can be contacted by phone on (07) 3237 2100, by fax on (07) 3229 9860 or on the Internet at www.computershare.com.

Annual Reports

Do you wish to continue receiving the full annual report? If not, please contact our share registry, Computershare Investor Services Pty Ltd, to request that the annual report not be sent to you in future. The latest Annual Report can be accessed from the Company's website.

Changing Your Address?

If you change your address, please promptly notify our share registry in writing. You should quote your SRN (Shareholder Reference Number) and also quote your old address as an added security check.

Direct Deposit into Bank Accounts

If you choose, your CBL dividends can be paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Details will be confirmed by an advice mailed to you on that date. Application forms are available from the share registry.

Dividend Reinvestment Plan

If you want your dividends reinvested to purchase more CBL shares at a discounted price, contact the share registry for a DRP Application form and Explanatory booklet. The current discount is 5% off the weighted average market price, calculated over the ten trading days subsequent to the record date.



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