

CAMPBELL BROTHERS LIMITED **20** **ANNUAL REPORT 06**



CAMPBELL BROTHERS
LIMITED

ANNUAL GENERAL MEETING

THE 55TH ANNUAL GENERAL MEETING OF CAMPBELL BROTHERS LIMITED WILL BE HELD AT 11AM ON 25 JULY 2006 AT THE SOFITEL HOTEL, 249 TURBOT STREET, BRISBANE.

20
06

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FINANCIAL CALENDAR

2005/2006

Record Date for Final Dividend and DRP	9 June 2006
Final Dividend Paid	3 July 2006
Annual General Meeting	25 July 2006

2006/2007

Half Year End	30 September 2006
Half Year Results and Dividend Announced	21 November 2006
Record Date for Interim Dividend and DRP	5 December 2006
Interim Dividend Paid	15 December 2006

Note: Dates subject to alteration

CAMPBELL BROTHERS LIMITED

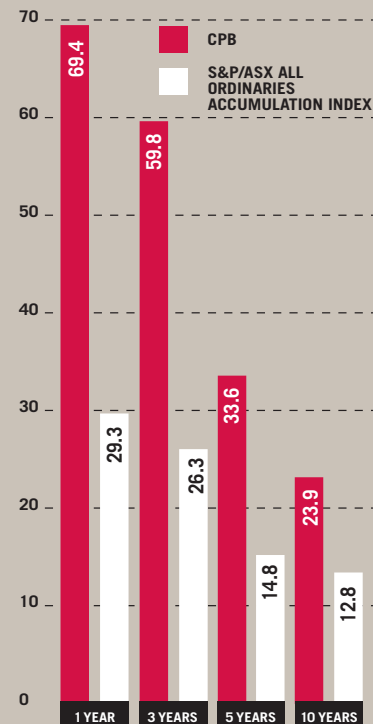
IS AN AUSTRALIAN DIVERSIFIED INDUSTRIAL COMPANY WITH A GLOBAL REACH.

Listed on the Australian Stock Exchange, it delivers leading consumer, industrial and commercial products and services to major national and international clients.

Campbell Brothers is committed to fostering strong managed growth throughout its operations by seizing new business opportunities and acquiring complementary businesses which add depth and value to the Company.

Its focus remains on developing a suite of robust and resilient business units which meet existing and emerging market needs to produce ongoing exceptional returns for shareholders.

OVER THE PAST TEN YEARS, THE RELATIVE PERFORMANCE OF THE COMPANY'S SHARES HAS OUTSHONE THE BENCHMARK ALL ORDINARIES INDEX, WITH AN AVERAGE ANNUAL RATE OF RETURN OF 24% OVER THIS PERIOD.



CPB TOTAL SHAREHOLDER RETURN V's S&P/ASX ALL ORDINARIES ACCUMULATION INDEX AS AT 31 MARCH 2006



CAMPBELL BROTHERS
LIMITED



DIVERSE PORTFOLIO

CAMPBELL BROTHERS CONSISTS OF FOUR KEY BUSINESS DIVISIONS WHICH OPERATE ACROSS AUSTRALIA, ASIA PACIFIC, NORTH AND SOUTH AMERICA, AFRICA AND EUROPE.



**CAMPBELL
BROTHERS
NOW EMPLOYS
MORE THAN
4,200 STAFF,
OPERATES
FROM MORE
THAN 100
SITES IN 26
COUNTRIES ON
6 CONTINENTS.**



These business divisions provide a range of products and services tailored to the demands of each local market - from providing analytical laboratory services to mining operations in Turkey through to distributing household products to consumers in Papua New Guinea.

THE FOUR DIVISIONS

Laboratory Services

A leading provider of analytical laboratory services to international environmental, minerals and oil markets, and a provider of technical services in the areas of food, microbiology, electronics, ecotoxicology, occupational health and air quality



Campbell Chemicals

One of Australia's leading businesses specialising in the importation, manufacture and distribution of chemical and associated products to households and commercial operations throughout Australia and the Pacific



Campbell Brothers Services

A group of businesses providing essential domestic, industrial and commercial services, from pest control and security, through to washroom and domestic hygiene



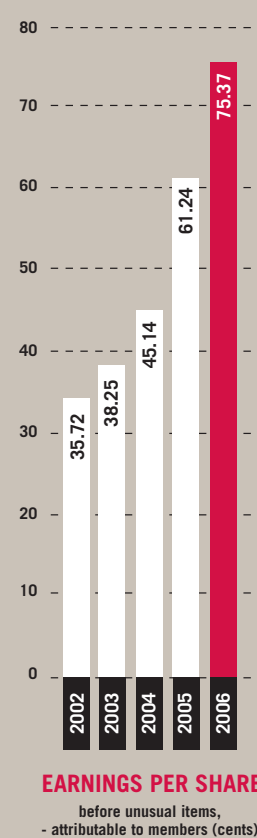
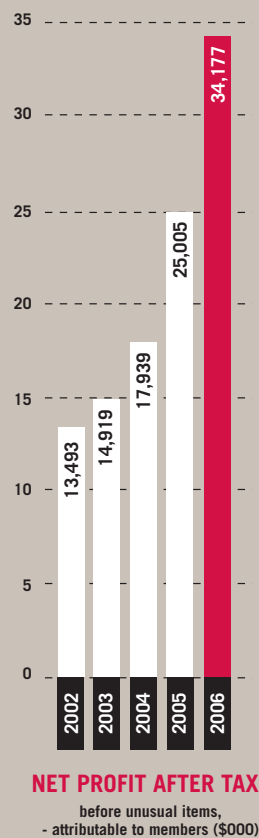
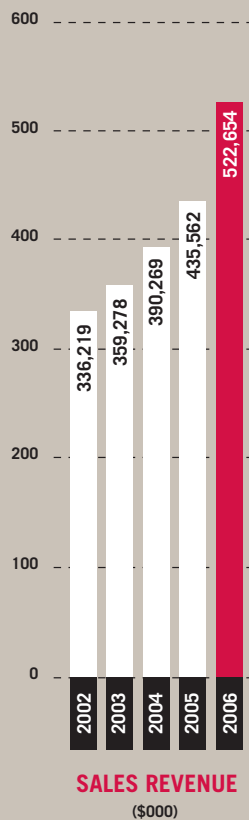
CAMPBELL BROTHERS SERVICES

Reward Distribution

A major Australian supplier of chemicals, paper goods, tableware, kitchenware and associated non-food consumables to the hospitality industry through a national network of businesses

REWARD
DISTRIBUTION GROUP

CONTINUED GROWTH



2005 / 06 FINANCIAL HIGHLIGHTS

- Sales revenue up 20.0% to \$522.7 million
- Underlying profit for the year up 36.8% to \$34.2 million
- Earnings per share up 23% to 75.4 cents
- Total dividend up 19% to 50 cents per share

FINANCIAL HIGHLIGHTS

YEAR AT A GLANCE

	31 March 2006 \$000	31 March 2005 [^] \$000
Sales Revenue	522,654	435,562
Net Profit After Tax (before unusual items)	34,177	25,005
Issued Capital	197,923	112,185
Total Equity	256,652	151,231
Earnings per Share (cents) attributable to members (before unusual items)	75.37	61.24
Dividends per Share (cents)	50.0	42.0
Net Tangible Asset Backing per Share (\$)	2.37	2.04
Gearing Ratio (%) (net debt/(net debt + total equity))	25.0	32.6
Interest Cover (times)	10.4	9.2

[^] FY05 comparative figures have been restated to conform to Australian equivalents to International Financial Reporting Standards (AIFRS) adopted for FY06.

SALES

Total sales revenue for the Group was \$522.7 million for 2006, a 20.0% increase on the \$435.6 million recorded in 2005.

The revenue generated by each division was as follows:

Division	2006 \$000	2005 \$000	Change %
Laboratory Services	208,901	156,497	33
Campbell Chemicals *	167,082	178,525	-6
Campbell Brothers Services *	37,170	22,419	66
Reward Distribution *	112,015	80,548	39

* (note change of business units within divisions between FY05 and FY06)

PROFIT

Underlying profit after tax (before unusual items) attributable to members was \$34.2 million for 2006, an increase of 36.8% on the \$25.0 million achieved last year.

Profit contribution from ordinary activities before unusual items, tax and corporate overheads for each division was as follows:

Division	2006 \$000	2005 \$000	Change %
Laboratory Services	47,318	35,598	33
Campbell Chemicals *	9,457	7,928	19
Campbell Brothers Services *	3,111	2,179	43
Reward Distribution *	5,929	4,820	23

* (note change of business units within divisions between FY05 and FY06)

**THE COMPANY WILL PAY A FINAL DIVIDEND FOR 2006 OF 29 CENTS PER SHARE (2005: 24 CENTS), FULLY FRANKED AT THE 30% TAX RATE (2005: 30%).
THE TOTAL DIVIDEND FOR THE YEAR WILL BE 50 CENTS (2005: 42 CENTS).**





HEALTH & SAFETY

A GLOBAL APPROACH TO 'SAFETY FIRST'

Being an employee of Campbell Brothers Limited is about putting safety first. This approach is the same if you work in Lima, Vancouver, Johannesburg, Hong Kong or Sydney. Globally, we are committed to a safe work culture.

As part of this global approach, we have developed a minimum standard for managing health, safety and environment issues.

The minimum standard is driven by a CBL ethic to deliver a consistently friendly and safe approach to work, regardless of differences in local laws.

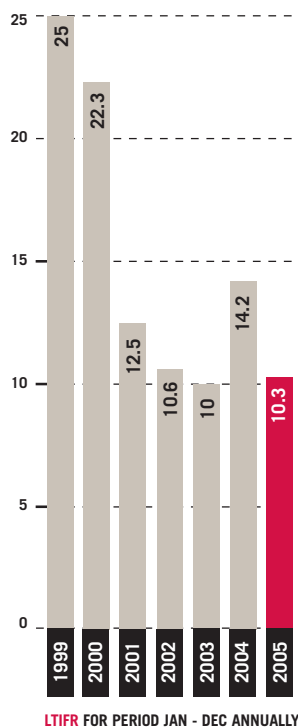
Key health, safety and environment issues are to be identified in each business. The standard requires businesses to manage these key issues by addressing the following:

- ensuring health, safety and environmental resources are available within each business (HSE manager, first aiders);
- ensuring managers are aware of their responsibilities;
- implementing a plan for managing injuries and site emergencies;
- ensuring contractors work safely;
- ensuring that key safety information is available for all staff to view;
- providing training on key safety risks;
- ensuring that staff have an opportunity to provide feedback;
- ensuring that work areas are designed and maintained in a safe manner;
- ensuring that all incidents are reported so we can learn from our experiences;
- completing a review of health and safety issues on a regular basis and ensuring that a monthly site audit of safety issues is conducted.

HEALTH AND SAFETY PERFORMANCE

Injury statistics for the Company decreased in 2005/06, despite the growing business operations across Australia and internationally. The most indicative figure of the health and safety performance of the Company is the Lost Time Injury Frequency Rate (LTIFR)*, which measures the number of LTIs per million hours of work (Reported as per AS1885).

**LTIFR is a work injury which results in an inability to work for at least one full day or shift anytime after the day or shift in which the injury occurred.*



IDENTIFY GROWING TRENDS

THE YEAR IN REVIEW

During 2005-06, Campbell Brothers delivered a substantial increase in revenue and profit 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 emerging opportunities.

Over the past 12 months, Campbell Brothers undertook the following key strategic initiatives:

- Monitored existing operations to ensure the Company's products and services matched customer needs
- Identified, assessed and entered new markets
- Restructured business units and divisions to bolster operational effectiveness, reduce costs and ensure similar business units were grouped together
- Expanded the geographical spread of the Company's operations by organic growth
- Conducted a 1-for-5 rights issue and share placement in December 2005 (raising approx \$80 million) to provide capital for the Company's acquisition program
- Acquired new businesses which added value to the Company by reaching additional customers and providing new offerings.

THE RESULT

Underlying net profit after tax (before unusual items) attributable to members was \$34.2 million for 2006, an increase of 36.8% on the \$25.0 million achieved last year.



CULTIVATING STRATEGIC GROWTH

THE YEAR IN REVIEW

DIVISIONAL PROFIT

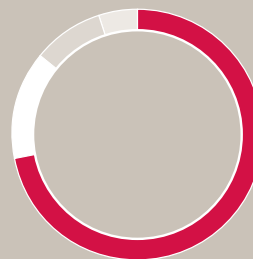
Campbell Brothers' strong full-year results were once again driven by its flagship Laboratory Services Division which contributed over 70 per cent of the divisional profit.

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.

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.



DIVISIONAL EARNINGS MIX %

- Laboratory Services **72%**
- Campbell Chemicals **14%**
- Reward Distribution **9%**
- Campbell Brothers Services **5%**

OUTLOOK FOR YEAR AHEAD

Campbell Brothers 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.

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.

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.

(The "Review and results of operations" commentary is located in the Directors' Report on page 26 of this annual report)



AN OVERVIEW OF DEVELOPMENTS DURING 2005-06

Laboratory Services

- Implemented a new regional management structure for the global operations of the ALS Laboratory Group
- Commenced the process of defining new opportunities in all six operating regions
- Opened several new laboratories, including those at Sudbury (Canada), Chihuahua (Mexico) and Winnemucca (USA)
- Acquired two environmental laboratory groups: Enviro-Test Laboratories (ETL), based in Edmonton (Canada) and Ecochem, based in Prague (Czech Republic)
- Moved to capture emerging opportunities in Europe and Asia.
- Experienced high demand for minerals and environmental services

Campbell Chemicals

- Restructured the division to incorporate Panamex Pacific and Campbell Consumer Products
- Increased the amount of contract manufacturing services
- Implemented measures to drive sales while containing costs



Campbell Brothers Services

- Acquired Melbourne-based pest control business, Dawson's Pest & Weed Control
- Explored the provision of add-on services to lessen the seasonal impact on current businesses
- Continued the roll-out of the Campbell Brothers Services name across the network accompanied by marketing initiatives to develop stronger brand recognition
- Launched Campbell Brothers Security which markets, administers and coordinates security services to homes and commercial premises

Reward Distribution

- Grew the distribution business across Australia and the Pacific with key acquisitions
- Reduced costs by improving efficiencies, reducing stock levels and centralising each of the back-of-house functions
- Began work to consolidate all Victorian operations to generate synergies
- Began developing a national catalogue to gain greater leverage from the geographic spread of operations



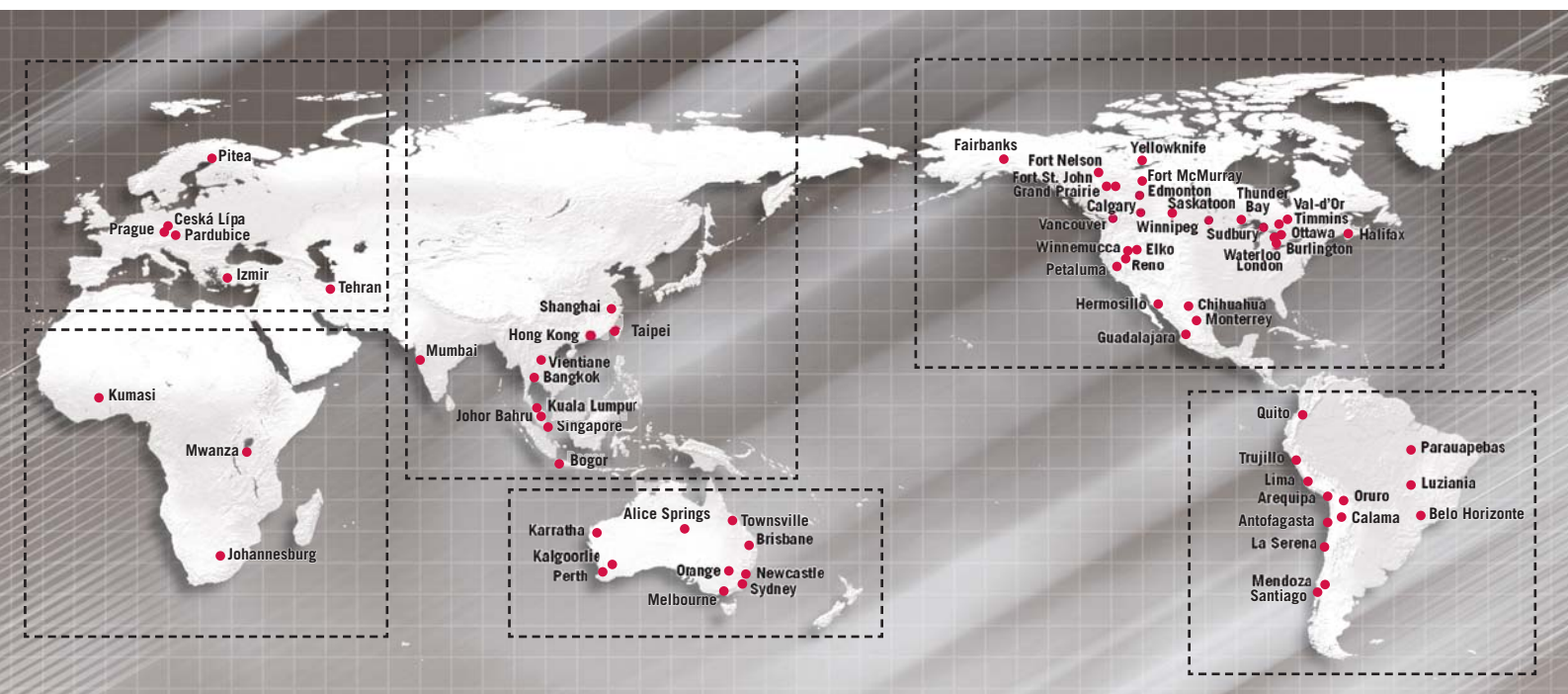
A GLOBAL OPERATION

LABORATORY SERVICES



OVERVIEW

- Implemented a new regional management structure for the global operations of the ALS Laboratory Group
- Commenced the process of defining new opportunities in all six operating regions
- Opened several new laboratories, including those at Sudbury (Canada), Chihuahua (Mexico) and Winnemucca (USA)
- Acquired two environmental laboratory groups: Enviro-Test Laboratories (ETL), based in Edmonton (Canada) and Ecochem, based in Prague (Czech Republic)
- Moved to capture emerging opportunities in Europe and Asia.
- Experienced high demand for minerals and environmental services



THE ALS LABORATORY GROUP (ALS) IS ONE OF THE WORLD'S LARGEST DIVERSIFIED ANALYTICAL LABORATORY GROUPS OFFERING A BROAD RANGE OF STATE-OF-THE-ART TESTING SERVICES TO LEADING GLOBAL COMPANIES.

LABORATORY SERVICES

- Provides a range of analytical testing services in the key areas of mining and mineral exploration, commodity analysis and certification, environmental monitoring, equipment maintenance, food analysis and the manufacture of electronic products
- Processes more than 6 million samples per year and reported approximately 125 million determinations in 2005-06
- Operates 70 laboratories in 24 countries across Australia, Asia, North America, South America, Europe and Africa
- Employs more than 3,000 staff

THE RESULT

- Division revenue up 33% to \$208.9 million
- Division contribution up 33% to \$47.3 million

During 2005-06, the ALS Group implemented its new regional management structure which gives the group greater local autonomy, better utilisation of staff and faster access to emerging opportunities. These regions are based along geographic lines. These regions are:

**AFRICA • ASIA • AUSTRALIA
EUROPE • NORTH AMERICA
SOUTH AMERICA**

These regions are governed by an over-riding corporate group to guide strategic direction, policy and diversification. The main market segments operating within these regions are:

- Environmental
- Minerals
- Oils
- Food
- Electronics

ALS Laboratory Group
ANALYTICAL CHEMISTRY & TESTING SERVICES



During the past 12 months, ALS has benefited from the strategies and systems developed over the past decade which have seen a commitment to quality, service and innovation.

With record high commodity prices spurring high levels of mineral exploration, there has been continued strong demand for ALS' services in this field, particularly in the growing markets of Asia, Europe, North America and Africa.

At the same time, the division continues to identify potential acquisitions which can bolster ALS' global reach, tap into regions with potential growth, and deliver strong financial returns.

The new structure has provided ALS with a platform to broaden its analytical base and enter new markets not previously accessible or targeted by the division, such as oil, gas and pharmaceuticals. This follows a diversification strategy to move away from reliance on the Minerals division.

With the completion of this new structure, ALS commenced strategic reviews for each operating region to ensure they are properly positioned for future opportunities.

This has resulted in the redevelopment or relocation of some laboratories, such as in Hong Kong and Thailand, so they can better service clients. It has also identified the need to establish a greater presence in particular regions, such as Eastern Europe and Russia.

During the year, several new laboratories were established, including those at Sudbury (Canada), Chihuahua (Mexico) and Winnemucca (USA). It is anticipated that new laboratory facilities in Ghana (Africa), and in Timmins (Canada) will be operational by the third quarter of 2006-07.

The Thailand laboratory is expected to relocate mid August 2006 to outskirts of Bangkok due to required floor space to house new testing equipment. This will create the opportunity to be located near large multinational computer component manufacturers as well as be close to the airport.

ALS is looking to establish a small minerals laboratory in Romania (Europe) to service the growing exploration activity of some of its customers along with establishing a JV operation in Russia to set up a mineral and environmental laboratory.

In January 2006, ALS acquired two environmental laboratory groups: Enviro-Test Laboratory group (ETL) in Canada and Ecochem in Czech Republic.

ETL, based in Edmonton, is Canada's second largest environmental testing laboratory group (mainly organic and inorganic testing) operating 12 laboratories across Canada with more than 600 employees. It has a strong presence in the booming oil and gas sector of the Canadian economy which will provide ALS a truly national service in Canada.

Ecochem, based in Prague, has 250 employees and is the largest provider of analytical services in the Czech Republic offering services to clients throughout Europe, mainly in the food and environmental markets. The

Ecochem acquisition complements ALS's strategy of developing a European business of similar size to its operations in other regions of the world.

In China, ALS' Shanghai laboratory is in the process of receiving CMA accreditation, which is essential if it is to work on government projects.

In the year ahead, ALS will expand its market presence to obtain a dominant position in the major exploration areas in Eurasia. This strategy will allow the group to duplicate the success it has had to date in countries such as Turkey, where profits in the comparably smaller market rival those of much larger markets in Eastern Canada and the USA.

Minerals and environmental services remain ALS' most highly sought after analytical service, mirroring the continued strength in global exploration. Looking ahead, this trend is expected to help the division achieve robust growth in the 2006-07 financial year. At the same time, the division is expecting to see greater contribution from recent start-up operations in Sudbury and Burlington (Canada), China, Taiwan, Thailand, and Chihuahua (Mexico) as well as full year contributions from its recently acquired laboratory operations, Enviro-Test in Canada and Ecochem in Czech Republic.

MARKET SEGMENTS

Environmental

One of the largest and most geographically-diverse environmental testing businesses in the world, ALS Environmental provides consulting and engineering firms, industry and governments with reliable environmental testing data.

Minerals

The premier provider of analytical laboratory services to the mining and exploration industries, ALS Chemex operates specialised laboratories to test geological materials, such as soil and sediment samples, rock and drill cuttings as well as core samples.

Oils

An independent provider of preventative maintenance oil analysis and diagnostic programs, ALS WearCheck services the mining, earthmoving, construction, transport, agricultural and industrial sectors.

Food

An accredited and independent tester for the food industry, the Food Division ensures product quality and suitability for human consumption by determining levels of toxic metals, artificial colouring, flavouring, preservatives, pesticide residues and microorganism contamination.

Electronics

A certified analysis service provider to the electronics industry, the Electronics Division helps manufacturers meet environmental regulations and identify a range of possible micro-contaminants which can result in the failure of electronic products, such as computers.

DIVERSE BUSINESS RANGE

CAMPBELL CHEMICALS

OVERVIEW

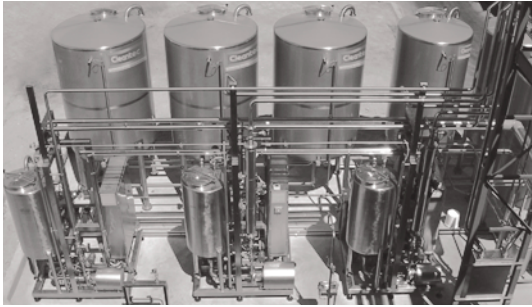
- Restructured the division to incorporate Panamex Pacific and Campbell Consumer Products
- Increased the amount of contract manufacturing services
- Implemented measures to drive sales while containing costs

THE RESULT

- Division revenue down 6% to \$167.1 million
- Division contribution up 19% to \$9.5 million



CAMPBELL CHEMICALS IS ONE OF AUSTRALIA'S LEADING BUSINESS GROUPS SPECIALISING IN THE IMPORTATION, MANUFACTURE AND DISTRIBUTION OF CHEMICAL AND ASSOCIATED PRODUCTS, ALONG WITH THE PROVISION OF ENGINEERING SYSTEMS AND WATER TREATMENT TECHNOLOGIES.



CAMPBELL CHEMICALS

It operates within a spectrum of industries, from food and beverage processing, healthcare and hospitality to commercial cleaning, laundry and agriculture.

The main business units within Campbell Chemicals are:

- Cleantec CHS (Commercial Hygiene Systems)
- Cleantec FHS (Food Hygiene Systems)
- Cleantec Laundry Systems
- Deltrex Chemicals
- Panamex Pacific
- Campbell Consumer Products

To increase operational efficiencies and minimise costs, the Cleantec and Deltrex Chemical businesses have centrally managed operations, technical and administration functions. Production and distribution operations are located in Brisbane, Sydney, Melbourne and Adelaide, with warehousing facilities in Perth. The technical development centre is located in Brisbane.

During the past year, Panamex Pacific and Campbell Consumer Products joined the division, reflecting the changing nature of the business unit. It is envisaged that these businesses will benefit from being managed alongside similar businesses.



BUSINESS UNITS

Cleantec CHS (Commercial Hygiene Systems)

Cleantec CHS (Commercial Hygiene Systems) meets the cleaning and sanitising needs of the healthcare, hospitality, building services and laundry industries throughout Australia, New Zealand and the Pacific Islands.

It offers specialist products for commercial applications – from hospital sterilizing through to kitchen hygiene.

In the 2005-06 financial year, Cleantec CHS showed an outstanding recovery over the prior year financial performance. This business unit added positively to the performance of Campbell Chemicals through the hard work invested in reducing costs while continuing to grow its customer base.

Cleantec FHS (Food Hygiene Systems)

Cleantec FHS (Food Hygiene Systems) is the leading supplier of cleaning and sanitising systems to Australia's food and beverage processing industries. It also has two specialised in-house areas of expertise in Cleantec Water Treatment and Cleantec Chemical Systems Engineering.

Key services include Clean-In-Place cleaning, chain lubrication, foam cleaning, hook and roller treatment and broad spectrum sanitising options for the food industry.

During the past 12 months, earnings were significantly higher than the previous corresponding period as the business consolidated its market leadership.

The business unit expects to maintain its dominant position throughout 2006-07 and is set to benefit from further cost reduction activities. However, with the closure or downsizing of several major factories forecast by a major customer during the coming year, the business unit is not expected to be able to significantly increase turnover or market share.

Cleantec Laundry Systems

Cleantec Laundry Systems provides a full range of services to commercial laundries – from equipment through to chemicals. It was formed in 2004 when the existing laundry chemical side of the Cleantec business was merged with the acquired Rydhart Laundry Systems.

The business unit demonstrated its potential by generating a significantly stronger return in 2005-06 with the expansion of its revenue base and improvement in its operational systems. Looking ahead, Cleantec Laundry Systems is focused on driving sales and maintaining this growth in the face of vigorous competition.

Deltrex Chemicals

Deltrex Chemicals is one of Australia's leading industrial and food chemical businesses distributing a wide range of products and services to diverse industry sectors. It supplies chemicals as raw material or blended to client requirements, along with toll manufacturing services to supply chemicals under the client's own brand.

Deltrex faced a significant increase in the number of competitors in its traditional markets during the year, which impacted on the business unit's end of year sales levels. Deltrex also operates in the intensely competitive commodity chemical market, with price the principal sales driver. Despite these challenges, sales remained strong in 2005-06.

In the coming year, Deltrex has plans to implement an aggressive pricing strategy to remain competitive and grow sales, while at the same time continuing to build its customer base and improve business efficiencies.

Panamex Pacific

Panamex Pacific is a significant exporter of consumer and industrial goods throughout the Pacific Islands.

Papua New Guinea is Panamex's largest market of operation. Other markets include North America, Western Samoa, American Samoa, Fiji, Kingdom of Tonga, Cook Islands, French Polynesia, New Caledonia, Guam Saipan, Federated States of Micronesia, Solomon Islands, Vanuatu and Norfolk Island.

In the 2005-06 financial year, the business unit's earnings were almost double those of the previous year. This was the result of the successful implementation of a new strategic plan to control working capital, decrease inventory levels, tighten supply terms and proactively collect debt.

In the year ahead, Panamex Pacific will focus its development efforts towards the French territory of Tahiti, because of the market's potential and general economic stability.

Campbell Consumer Products

Campbell Consumer Products is one of the largest Australian-owned manufacturers and marketers of laundry, fabric care, and household cleaning products.

It is now a major component of Campbell Chemicals, having previously been part of the Consumer Services division.

Campbell Consumer Products has evolved dramatically in recent years with the business reengineered to focus on:

- private label product manufacture and supply to the Australian and New Zealand retail trade
- contract manufacturing for third party brand owners
- niche brand development.

This new business strategy proved that it matched the changing retail environment in Australia by generating a major increase in sales in 2005-06.

In particular, the production of private labels enjoyed solid growth, serving leading national supermarket retailers, while third-party contract manufacturing benefited from major new contracts with two multinational firms, as well as ongoing business from an existing multinational operator. In the niche brand arena, the business unit's Greencare products were the key performer with sales growing significantly during the period.

In the year ahead, the business will focus on strategically partnering with the major supermarket retailers to develop premium-quality formulated products, identifying further third party contract manufacture opportunities, and investigating the development of the Greencare niche brand into other cleaning products, such as bleach, hard surface cleaners and toilet cleaners.



ORGANIC GROWTH

CAMPBELL BROTHERS SERVICES



OVERVIEW

- Acquired Melbourne-based pest control business, Dawson's Pest & Weed Control
- Explored the provision of add-on services to lessen the seasonal impact on current businesses
- Continued the roll-out of the Campbell Brothers Services name across the network accompanied by marketing initiatives to develop stronger brand recognition
- Launched Campbell Brothers Security which markets, administers and coordinates security services



CAMPBELL BROTHERS SERVICES

- Offers a range of essential services to householders, businesses and government
- Operates throughout regional and metropolitan Australia
- Employs more than 370 staff

THE RESULT

- Division revenue up 66% to \$37.2 million
- Division contribution up 43% to \$3.1 million

Campbell Brothers Services operates four key business units:

- Pest Control
- Washroom Services
- Cleaning Services
- Security.

The past financial year has been one of consolidation for Campbell Brothers Services following the rapid expansion activity of previous years. This has allowed the division to reinforce and develop the synergies across its business units and to improve the efficiency and effectiveness of its operations.

Looking forward, the Campbell Brothers Services' strategic objective is to develop a national network of businesses providing complementary services. To lessen the seasonal impact on current businesses, new add-on services are being developed, such as security, horticulture, weed control, fumigation and hard floor cleaning services. The provision of contractual services to commercial markets is also a focus for the division.

Campbell Brothers Services continues to seek opportunities for acquisitions which will extend its network and is focused on maintaining sufficient staff numbers to capitalise on upcoming sales opportunities throughout all business units. During the year, the Melbourne-based pest control business, Dawson's Pest & Weed Control, was acquired.

The roll-out of the Campbell Brothers Services name across the network will see stronger brand recognition and value among customers. The division has also embarked on a number of aggressive marketing initiatives to further reinforce its brand throughout Australia. Through organic growth and improved profitability, the division's goal is to become the dominant service provider in all industries and markets in which it participates.

BUSINESS UNITS

Pest Control

The pest control business unit is the biggest contributor to the division and includes more than 10 individual pest control businesses across Australia, including Adelaide Pest Control (Adelaide), Arrest-A-Pest, CBS Commercial Pest Control and Exopest (Brisbane), Ausmic Environmental Industries and Boomerang Environmental Industries (Perth), Check Pest Control (ACT), Copes Pest Control (Sydney), Dawson's Pest & Weed Control (Melbourne), Direct Pest Control franchises (Qld) and Pestkil (NSW).

The pest control unit's growth strategy is to reduce the impact of seasonal weather patterns by broadening service offerings to encompass weed control, horticulture services and commercial pest control. The business unit will also focus on standardising work practices and procedures across the unit to ensure customer satisfaction and operational efficiencies.

Washroom Services

This business unit provides motels, clubs, hotels and offices with a comprehensive range of washroom products and services, including sanitary and nappy disposal, soap dispensers and hand dryers.

In the year ahead, the business will pursue growth through organic expansion and acquisitions, aimed at increasing the business unit's overall commercial contract portfolio in order to reduce revenue and profit fluctuations.

Cleaning Services

Cleaning Services specialises in cleaning carpets, curtains, leather and upholstery in homes and commercial premises. The recent implementation of a revised franchise system for technicians has been effective in building loyalty among business owners and employees, reducing revenue loss and driving expansion into major regional centres without significant additional outlays.

Cleaning Services is currently exploring the provision of add-on services such as hard floor and mattress cleaning to lessen the seasonality of the business.

Security

Campbell Brothers Security was launched in Sydney in February 2006 to meet a perceived gap in the residential and commercial security market. As a Master Security License holder, Campbell Brothers Security markets, administers and coordinates security services for residential customers in Sydney. It has enlisted industry leaders Bosch, Onwatch and Chubb Security to source, install and monitor the new security systems. In the year ahead, the fledgling business unit will explore future opportunities throughout New South Wales.



CAMPBELL BROTHERS SERVICES

EFFICIENT EVOLUTION

REWARD DISTRIBUTION



OVERVIEW

- Grew the distribution business across Australia and the Pacific with key acquisitions
- Reduced costs by improving efficiencies, reducing stock levels and centralising each of the back-of-house functions
- Began work to consolidate all Victorian operations to generate synergies
- Began developing a national catalogue to gain greater leverage from the geographic spread of operations

THE RESULT

- Division revenue up 39% to \$112.0 million
- Division contribution up 23% to \$5.9 million

Major supplier of chemicals, paper goods, tableware, kitchenware and associated non-food consumables to hospitality and institutional markets

- Operates 21 offices throughout Australia and NZ
- Employs more than 350 staff

The Reward Distribution Group consists of multiple business groups which supply non-food consumables to motels, hospitals, restaurants, fast food chains, five-star hotels, nursing homes, sporting clubs and the retail sector.

Key businesses units include:

- Reward Supply
- Crocker Hospitality
- Proclean NZ
- Gould & Kennedy
- Curreys
- BW Hospitality
- Made-For-U Cook Gear
- Garden City Wholesalers
- QCC Hospitality Solutions
- Hospitality Dinnerware
- Caterworld
- Catering Equipment



During the 2005-06 financial year, Reward Distribution made several business acquisitions to increase its National presence and the ability to meet changing market conditions, including Caterworld and Hospitality Dinnerware (Victoria), Catering Equipment (NT), Proclean Products and The Cleaning Depot (NZ) and QCC Hospitality Solutions (WA).

Costs were also reduced in each of the units as a result of measures to improve efficiencies, reduce stock levels and centralise each of the back-of-house functions.

Plans are underway to consolidate all Victorian operations, merging the various businesses and bringing them to a central warehouse to generate synergies of business efficiency and improve logistic advantage.

In the coming year, Reward Distribution will develop a national catalogue to gain greater leverage from the geographic spread of its operations. The division will also continue to roll out a national stock coding project, with a view to centralise all business units to a common server by late 2006.

BUSINESS UNITS

Reward Supply is a major distributor of non-food consumables to the hospitality and institutional markets. Based on Queensland's Gold Coast and with a branch in Darwin, it offers a large product range to hotels, restaurants, nursing homes, clubs, snack bars and government departments. It is one of the major contributors to the division's overall earnings.

Crocker Hospitality has a 40-year history of supplying the hospitality industry along the east coast of Australia. The business has grown to become one of Australia's leading hospitality supply businesses, servicing outlets throughout Australia. The result for Crockers is expected to greatly improve in the year ahead, with the new management structure in place anticipated to improve results.

Gould & Kennedy is one of the largest operators of its type and specialty in Australia. Based in Brisbane and offering distribution throughout Queensland and the Pacific Islands, it is a leading supplier of restaurant quality tableware, kitchenware and ancillary product ranges to the hospitality and foodservice industry. It makes a significant contribution to the division's overall earnings.

Proclean and The Cleaning Depot have established themselves as market leaders in the distribution and provision of hygiene systems in New Zealand. Proclean is a "one stop shop" for the supply of chemicals, consumables, equipment and cleaning systems. It exceeded sales expectations for the year due to the acquisition of Proclean on New Zealand's South Island. A new management structure is now in place to ensure solid performance for the unit in 2006-07.

Curreys is a specialist distributor of catering equipment and hospitality supplies in North Queensland, particularly to the island resorts and to the mining areas west of Mackay.

Made-For-U Cook Gear is a Melbourne-based supplier and importer of commercial crockery, cutlery, glassware, kitchenware and equipment. It is highly regarded as a reliable supplier of quality products throughout Victoria, with a customer base that includes major hotels, restaurants, hospitals, aged care facilities and catering companies.

BW Hospitality specialises in the food service supply industry. Its product mix includes disposable packaging, cleaning and sanitation chemicals, paper products, cleaning accessories, coffee products, catering products and equipment, glassware and crockery. Based in Shepparton, Victoria, BW Hospitality services bakeries, hotels, motels, local councils, health care, nursing homes, mixed business and snow resorts.

Garden City Wholesalers is a Toowoomba-based supplier of catering, cleaning and packaging products to the business and domestic market. It has been operating for more than 25 years and sells products to customers over a large geographical area.

Australian Hospitality Imports (AHI) is a joint venture which has been established mainly to import glassware into Australia for distribution to the hospitality trade. AHI's advantage is that it is able to access more competitive prices.

Hospitality Dinnerware is in Melbourne central and a very similar business to Made-for-U, it has a large following of major clients in the Melbourne area. It specialises in new fitouts to major centres. It also offers a supermarket which is strongly supported by the local restaurant trade.

Catering Equipment NT is based in the centre of Darwin offering a showroom and supermarket to the Hospitality trade. It traditionally has been very strong in equipment sales to new setups in the Darwin area. Catering NT has now been merged with Reward NT and has increased its range to carry disposable products for the existing market.

QCC Hospitality Solutions is a Perth-based business which supplies and distributes leading brands to the catering and hospitality industry. Its customer base includes hotels, taverns, clubs, bars, restaurants, shops, cafes, fast food outlets, function centres, canteens, government institutions, hospitals, community centres and service organisations and retirement and aged care facilities.

Caterworld has branches at Collingwood, Geelong, Shepparton, Albury, Bendigo, and Wagga. This is a very similar group to the Reward model. We will consolidate our joint Shepparton branches. In October we will move Made-For-U, and Caterworld Collingwood to a new warehouse at Laverton, which will reduce our warehouses and consolidate our total stocks for the area.

The Group is in transition of moving all current brand names to the new identity of Reward Distribution, with the brand change to be finalized by March 2007. This will then make the group a truly National Distribution group.

DIRECTORS



GEOFFREY J McGRATH M.I.E.

Chairman and Independent Non-Executive Director Age 64

Mr McGrath became a director of Campbell Brothers in 2003 and was appointed chairman effective 1 August 2004. He retired from GWA International Limited in May 2003 after 43 years service, including the last 10 years as Managing Director. He is a director of Fletcher Building Limited (appointed July 2003) and GWA International Limited (appointed July 2004). He is Chairman of the Remuneration Committee and a member of the Audit and Compliance Committee.



GREG F KILMISTER B. SC. (HONS), M.R.A.C.I., M.A.I.G

Managing Director and Chief Executive Officer Age 50

Mr Kilmister was appointed Managing Director and Chief Executive of Campbell Brothers effective 1 September 2005. He first joined the Company in 1981 and was the General Manager of the Company's highly successful ALS Laboratory Services Group from 1992 through to 2005.



ANTONY J LOVE B. COM., A.A.U.Q., F.A.P.I., F.A.I.C.D.

Independent Non-Executive Director Age 59

Mr Love was appointed a director of Campbell Brothers in 1986. He is Managing Director of McGee Isles Love Pty Ltd and a director of A.P. Eagers Limited (appointed March 1994) and Bank of Queensland Limited (appointed June 1995). He is a member of the Remuneration Committee.



NEROLIE WITHNALL B.A., LL.B., M.A.I.C.D.

Independent Non-Executive Director Age 62

Mrs Withnall was appointed a director of Campbell Brothers in 1994. She is Chairman of QM Technologies Limited (appointed director Sept 2003) and a director of Pan Australian Resources Limited (appointed May 1996), Alchemia Limited (appointed Oct 2003), the Major Sports Facilities Authority and the Brisbane Institute. She is a member of the Takeovers Panel, the Corporations and Markets Advisory Committee, the Council of the Australian National Maritime Museum and the Senate of the University of Queensland. She is a former partner of Minter Ellison Lawyers. She is Chairman of the Audit and Compliance Committee.



MARTIN D KRIEVALDT B.A., LL.B. (HONS), F.A.I.C.D.

Independent Non-Executive Director Age 56

Mr Kriewaldt was appointed a director of Campbell Brothers in 2001. He provides advice to lawyers Allens Arthur Robinson and insurance brokers Aon Corporation. He is Chairman of Opera Queensland Limited and a director of Suncorp-Metway Ltd (appointed Dec 1996), GWA International Limited (appointed 1992), Oil Search Limited (appointed April 2002) and Peptech Limited (appointed Oct 2003). He was a director of Thin Technologies Limited from Oct 2003 to Dec 2003. He is a member of the Audit and Compliance Committee and the Remuneration Committee.



RAYMOND G HILL F.A.I.C.D.

Independent Non-Executive Director Age 64

Mr Hill was appointed a director of Campbell Brothers in 2003. He retired in July 2002 after a career spanning thirty years with Queensland dairy company Parmalat Australia Ltd (formerly Pauls Limited) including the last 8 years as Group General Manager/Managing Director. He remains a director of Parmalat Australia Ltd (unlisted public company). He is a member of the Audit and Compliance Committee.



BRUCE R BROWN B. COM., A.A.U.Q.

Non-Executive Director Age 61

Mr Brown was appointed a non-executive director of Campbell Brothers effective 1 October 2005. He retired as Managing Director and Chief Executive of the Company on 31 August 2005 after 30 years service. He is Chairman of Flight Centre Limited (appointed director December 2005) and a director of Transpacific Industries Group Ltd (appointed March 2005).

CORPORATE GOVERNANCE STATEMENT

For the year ended 31 March 2006

The Board has developed and implemented policies and practices and the Company meets or exceeds the recommendations and principles set out in ASX's Corporate Governance Council guidelines.

This statement and information identified therein are available on the Company's website at www.campbell.com.au under the Corporate Governance section.

PRINCIPLE 1: BOARD AND MANAGEMENT

A summary of the Company's board charter is posted on the Company's website.

PRINCIPLE 2: BOARD STRUCTURE

During the financial year the Board comprised six non-executive directors (including the Chairman) and one executive director (the Managing Director). On 31 August 2005, Mr B Brown retired as Managing Director and Chief Executive of the Company. He was replaced by Mr G Kilmister, effective 1 September 2005. Mr Brown re-joined the Board as a non-executive director on 1 October 2005. The names, skills and experience of the directors in office at the date of this Statement, and the period of office of each director, are set out in the Directors' Report and in the Annual Report.

Independent professional advice

Each director has the right, at the Company's expense, to seek independent professional advice in relation to the execution of Board responsibilities. Prior approval of the Chairman, which will not be unreasonably withheld, is required. Where appropriate, directors share such advice with the other directors.

Independence of directors

The Board considers that all directors, other than Mr G Kilmister (the Managing Director) and Mr B Brown (non-executive director), are independent of management influence. The Board distinguishes between the concept of independence, and the issues of conflict of interest or material personal interests which may arise from time to time. Wherever there is an actual or potential conflict of interest or material personal interest, the Board's policies and procedures ensure that:

- the interest is fully disclosed and the disclosure is recorded in the register of directors' interests and in the Board minutes
- the relevant director is excluded from all considerations of the matter by the Board
- the relevant director does not receive any segment of the Board papers or other documents in which there is any reference to the matter.

Mr Brown was appointed a non-executive director on 1 October 2005. He was the former Managing Director and Chief Executive of the Company, retiring effective 31 August 2005 after 30 years employment with the Company. Accordingly, he does not meet the definition of an independent director as outlined in the guidelines. In the Board's view, this in no way impacts on Mr Brown's effectiveness and performance as a director nor does it affect Mr Brown's ability to exercise independent judgment in carrying out his duties as a director. He offers himself for election at the 2006 AGM in July.

The chairman of the Company is an independent non-executive director.

The role of chairman and chief executive are exercised by separate individuals.

Nomination Committee

As Campbell Brothers Limited has a relatively small Board, the full Board is the Nomination Committee and regularly reviews Board membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance, and consideration of appointments and removals. During the year, the Board invited Mr Brown to join the Board as a non-executive director on his retirement as Managing Director of the Company.

When a Board vacancy occurs, the Nomination Committee identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms and are subject to rotational requirements for re-election. Criterion for continued office is effective contribution, which is regularly reviewed in the processes referred to above.

A summary of the role, rights and responsibilities of the Nomination Committee, as well as the committee's policy for appointment of directors, is available on the Company's website.

PRINCIPLE 3: ETHICAL STANDARDS

Code of Conduct

Through established practices and policies the Board supports the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Group. The Board's policies reflect all the guidelines.

Appropriate training programs on the Group's internal policies including workplace health and safety, environmental law compliance, trade practices legislation and affirmative action programs support this process.

A summary of the Code's main provisions is published on the Company's website.

CORPORATE GOVERNANCE STATEMENT *continued*

PRINCIPLE 3: ETHICAL STANDARDS *continued*

Trading in company securities by directors, officers and employees

The Board has established written guidelines, set out in its Insider Trading Policy, that restrict dealings by directors and relevant employees in the Company's shares, and in shares in other companies related to the Company's operations.

The Insider Trading Policy identifies certain periods when, in the absence of knowledge of unpublished price-sensitive information, directors and relevant employees may buy or sell shares. These periods include the four weeks following the announcement of half year and full year results and following the Annual General Meeting.

To protect in particular the confidentiality of potentially price sensitive information about the clients of the laboratory services division of the Company, all employees of that division are specifically prohibited from trading in the shares of a company which is a client of the division.

A summary of the main provisions of the Insider Trading Policy is published on the Company's website.

PRINCIPLE 4: FINANCIAL REPORTING

Certification of financial reports

The Managing Director and Chief Financial Officer state in writing to the Board each reporting period that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. The statements from the Managing Director and Chief Financial Officer are based on a formal sign off framework established throughout the Company and reviewed by the Audit and Compliance Committee as part of the six-monthly financial reporting process.

Audit and Compliance Committee

The Company has an established Audit and Compliance Committee operating under written terms of reference approved by the Board.

The Audit and Compliance Committee comprises four independent non-executive directors with an independent chairman who is not also chairman of the Board. The names and qualifications of members of the Audit and Compliance Committee are set out in the Directors' Report and in the Annual Report. Other non-executive directors of the Board are entitled to be present at all meetings of the Committee. Meetings of the Committee are attended, by invitation, by the Managing Director, the Group Finance Manager/Company Secretary, the Group Compliance & Risk Manager, the engagement partner from the Company's external auditor and such other senior staff or professional people as may be appropriate from time to time. The number of meetings of the Committee held during the year are set out in the Directors' Report.

The Committee operates under formal terms of reference (Charter) approved by the Board which are reviewed annually.

Minutes of all Committee meetings are provided to the Board and the Chairman of the Committee also reports to the Board after each Committee meeting.

Auditor independence

The external auditor, KPMG, has declared its independence to the Board through its representations to the Committee and provision of its Lead Auditor's Independence Declaration to the Board (refer 2005 Annual Report and Half Year Report), stating that there have been no contraventions of auditor independence requirements as set out in the Corporations Act or any auditors professional code. The Audit partner was rotated as from the commencement of the 2003/04 audit i.e. 1 April 2003. The Audit and Compliance Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards for auditor independence and associated issues are fully complied with.

The Audit and Compliance Committee's terms of reference are available on the Company's website.

PRINCIPLE 5: MATERIAL DISCLOSURE

The Company has established policies and procedures for timely disclosure of material information concerning the Company. This includes internal reporting procedures in place to ensure that any material price sensitive information is reported to the Company Secretary in a timely manner. These policies and procedures are regularly reviewed to ensure that the Company complies with its obligations at law and under the ASX Listing Rules.

The Company Secretary is responsible for communications with the Australian Stock Exchange including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. The matter of continuous disclosure is a permanent item on the agenda for all Board meetings and is specifically addressed by each director at those meetings.

The directors have obligations under a Disclosure of Interests and Transactions in Securities Agreement entered into with the Company to inform the Company of any securities trading in the Company.

Announcements made to the ASX by the Company are published on the Company's website.

A summary of the policies and procedures the Company has in place to ensure compliance with ASX Listing Rule disclosure requirements is published on the Company's website.

CORPORATE GOVERNANCE STATEMENT *continued*

PRINCIPLE 6: SHAREHOLDER COMMUNICATION

Communications strategy

The Company aims to keep shareholders informed of the Company's performance and all major developments in an ongoing manner. Information is communicated to shareholders through:

- the annual report which is distributed to all shareholders (unless specifically requested otherwise);
- the half-year shareholders' report which is distributed to all shareholders (unless specifically requested otherwise), containing summarised financial information and a review of the operations during the period since the annual report; and
- other correspondence regarding matters impacting on shareholders as required.

All material documents that are released publicly are made available on the Company's web site.

Shareholders are also encouraged to participate in the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as single resolutions.

Availability of auditor at AGM

The senior engagement partner (or his representative) of the Company's external auditor, KPMG, attends the Company's annual general meetings and is available to answer questions from shareholders about the audit. The Chairman advises the shareholders of this at the commencement of each annual general meeting.

PRINCIPLE 7: RISK MANAGEMENT

Oversight of the risk management function

The Company places a high priority on risk management and identification throughout the Group's operations and regularly reviews its adequacy in this regard. Under the guidance of the Audit and Compliance Committee, a comprehensive risk control program has been developed which includes legislative compliance, property protection and health, safety and environment audits using risk assessors, self audits, engineering and professional advisers.

The Company has a qualified Compliance and Risk Manager who oversees the design and implementation of the risk control program, monitors performance and develops appropriate programs to enhance awareness and compliance. These programs include training for employees, using both internal and external experts. Regular review meetings are held with divisional general managers and senior personnel to provide guidance and strategies for implementation of risk mitigation measures in their businesses.

The Group Compliance and Risk Manager reports in writing to the Board each month and personally to meetings of the Audit and Compliance Committee and supervises not only the six-monthly sign off process but also the follow up of any non-compliances or identified areas requiring further training or risk management.

Internal financial controls

In view of its size, its divisional structure with divisional accounting functions, and considering cost-effectiveness, the Company relies on its financial management team, led by the Chief Financial Officer and the Group Financial Controller, under the control of the Managing Director, to perform internal audit functions. This is done with regular consultation with the external auditors but is independent of them.

The Group Financial Controller reports in writing to each Board meeting.

The Chief Financial Officer attends all Board meetings, and both he and the Group Financial Controller attend all meetings of the Audit and Compliance Committee and provide written reports to that Committee.

Certification of risk management controls

In conjunction with the certification of financial reports under Principle 4, the Managing Director and Chief Financial Officer state in writing to the Board each reporting period that:

- the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The statements from the Managing Director and Chief Financial Officer are based on a formal sign off framework established throughout the Company and reviewed by the Audit and Compliance Committee as part of the six-monthly financial reporting process.

A description of the Company's risk management policy and internal compliance and control system is available on the Company's website.

PRINCIPLE 8: BOARD PERFORMANCE

The Board undertakes an annual review of its performance together with an assessment of the Group's executive management.

The Board provides an appropriate induction program for new directors, permits directors to obtain independent professional advice, have access to the Company Secretary, decide on the appointment and removal of the Company Secretary, and has procedures for the provision of information, including requests for additional information. The Company Secretary attends all Board meetings.

Induction and training programs for key executives are designed and implemented under the supervision of the Managing Director.

CORPORATE GOVERNANCE STATEMENT *continued*

PRINCIPLE 9: REMUNERATION

The Remuneration Committee of the Board of Directors is responsible for recommending and reviewing remuneration arrangements for the directors, the chief executive officer and the senior executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration 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. Officers, other than the non-executive directors, are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. To assist in achieving these objectives, the Company's remuneration policy links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. All key senior executives have the opportunity to qualify for participation in the Executive Performance Bonus Plan which currently provides benefits where specified criteria are met.

Executives are those who are directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

Remuneration Committee

The Board has an established Remuneration Committee, comprising three non-executive directors. Names of members and their attendance at meetings of the Committee are set out in the Directors' Report.

A summary of the Committee's role, rights, responsibilities and membership requirements is available on the Company's website.

Structure of remuneration

The structure of non-executive directors' remuneration and that of executives is set out in the 'Remuneration Report' section of the Directors' Report.

Details of the nature and amount of each element of the remuneration of each director of the Company and each executive of the Company and the consolidated entity having responsibility for its operational performance for the financial year are disclosed in the 'Remuneration Report' section of the Directors' Report. At the 2006 AGM, shareholders will be asked to approve an increase in the non-executive directors' fees (current fee pool is \$400,000 per annum exclusive of superannuation guarantee charge), to accommodate the appointment of Mr B Brown as an extra non-executive board member made during the year as well as providing a general increase in line with the market. Shareholders will also be asked to adopt (as a non-binding vote) the Remuneration Report as contained in the Annual Report for the financial year ended 31 March 2006.

Directors' retirement benefits

At the 2004 AGM, the shareholders resolved to terminate the Directors' Retiring Allowance scheme which was previously approved by shareholders at the 1992 AGM before the introduction of statutory superannuation.

Upon termination of the scheme, amounts owing to each non-executive director were paid by the Company. There are now no Directors' retirement benefits other than statutory superannuation. Details are set out in the 'Remuneration Report' section of the Directors' Report.

Share and option plans

The Remuneration Committee is responsible for reviewing recommendations with respect to issues under the Company's share and option plans, which were approved by shareholders at the 1996 AGM. Directors approve issues under the plans only after being satisfied that this is in accordance with the terms of shareholders' approval. No shares were issued during the year under the Employee Share Plan nor were there any options issued under the Company's Option Plan. During the year all options previously granted to relevant executives were exercised. The Board reviewed arrangements with the plans and resolved to remove options from the plans. At the 2006 AGM, shareholders will be asked to approve the issue of 50,000 shares under the Company's Employee Share Plan to the Managing Director, Mr G Kilmister (terms of the issue are provided in the AGM Notice of Meeting).

PRINCIPLE 10: ACCOUNTABILITY

The Company has well-established policies, procedures and codes of conduct, including a Whistleblower Policy, which seek to promote throughout the Company, and in the many countries in which it operates its businesses, a culture of compliance with legal requirements and ethical standards.

The Board recognises that managing "natural, human, social and other forms of capital" may also assist in creating value for shareholders. To this end the Board seeks, by the individual contributions of directors and by encouraging activities of its executives, to uphold community standards and to maintain good relations with community and government organisations. However, the Board seeks to balance these considerations in order to ensure that the claims of legitimate stakeholders do not prejudice or diminish the legitimate expectations of shareholders. The Board does not support a process by which companies are regulated in their dealings in these areas, beyond the consideration of their programs to ensure compliance with legal and ethical standards.

As indicated under Principle 3, a Code of Conduct which draws together all of the Company's policies and codes has been established and a summary of its main provisions is available on the Company's website.

FINANCIAL REPORT

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DIRECTORS' REPORT

For the year ended 31 March 2006

The directors present their report together with the financial report of Campbell Brothers Limited ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the year ended 31 March 2006 and the auditor's report thereon.

1. DIRECTORS

The directors of the company at any time during or since the end of the financial year are:

GEOFFREY J McGRATH MIIE.

Chairman and Independent Non-Executive Director

GREG F KILMISTER B. Sc. (Hons), M.R.A.C.I., M.A.I.G

Managing Director and Chief Executive Officer

ANTONY J LOVE B. Com., A.A.U.Q., F.A.P.I., F.A.I.C.D.

Independent Non-Executive Director

NEROLIE WITHNALL B.A., LL.B., M.A.I.C.D.

Independent Non-Executive Director

MARTIN D KRIEVALDT B.A., LL.B. (Hons), F.A.I.C.D.

Independent Non-Executive Director

RAYMOND G HILL F.A.I.C.D.

Independent Non-Executive Director

BRUCE R BROWN B. Com., A.A.U.Q.

Non-Executive Director

The Directors' qualifications, experience and responsibilities are shown on page 20 of the Annual Report.

2. COMPANY SECRETARY

ANDREW AUSTIN B. Bus, A.S.A, F.C.I.S.

Mr Austin was appointed Chief Financial Officer and Company Secretary of Campbell Brothers in April 1990. He is a Chartered Secretary and an associate member of CPA Australia. He has a background in financial management and company secretarial practice. He was previously employed with Inchcape Group plc. His main responsibilities are board management, corporate governance and financial oversight of the Group. He also acts as Public Officer.

3. PRINCIPAL ACTIVITIES

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

- Provision of consulting and analytical laboratory services.
- Manufacture and distribution of cleaning agents and chemicals for both domestic and industrial customers.
- Distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.
- Provision of pest control, hygiene and cleaning services to domestic, commercial and industrial customers.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

4. REVIEW AND RESULTS OF OPERATIONS

The year to March 2006 saw the consolidated entity achieve excellent results in both financial performance and execution of its strategic plan. The consolidated entity continued to pursue its strategies of maintaining growth and generating the best possible return on its investments. In particular, 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.

Net profit

Underlying net profit after tax (before unusual items) attributable to equity holders of the parent entity increased by 36.8% to \$34.2 million for the year ended 31 March 2006, from the \$25.0 million achieved last year. The result was realised from a turnover of \$522.7 million, representing a 20.0% increase on the \$435.6 million in 2005.

The major factor behind this increase has been the ongoing strong performance of the ALS Laboratory Group which has experienced increasing demand for its environmental and minerals testing services.

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

4. REVIEW AND RESULTS OF OPERATIONS *continued*

Net profit *continued*

Directors have declared a final fully franked dividend for the year of 29 cents per share (2005: 24 cents) bringing the total fully franked dividend for the year to 50 cents (2005: 42 cents).

The consolidated result is summarised:

	This Year \$'000	Last Year \$'000
Revenue	522,654	435,562
Profit before financing costs, income tax and unusual items	56,679	42,877
Net financing costs	(5,555)	(5,477)
Income tax expense relating to profit before unusual items	(16,897)	(12,434)
Profit after income tax before unusual items	34,227	24,966
Net (profit) / loss attributable to minority interests before unusual items	(50)	39
Profit before unusual items, attributable to equity holders of the parent	34,177	25,005
Unusual items net of income tax attributable to equity holders of the parent *	666	9,339
Profit attributable to equity holders of the parent	34,843	34,344

* The adoption of Australian equivalents to International Financial Reporting Standards (AIFRS) effective 1 April 2004 resulted in a significant restatement of 2005 comparative figures relating to the October 2004 disposal of the consolidated entity's branded consumer products business and related write-downs of businesses. Refer Notes 6 and 36 to the financial statements.

Contributions from business divisions are as follows:

ALS Laboratory Group	2006 \$'000	2005 \$'000	Increase
Revenue	208,901	156,497	33%
Segment contribution	47,318	35,598	33%

ALS Laboratory Group has 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. During the year, the division implemented a new regional management structure and developed strategic plans for each operating region. ALS invested in the future through two major acquisitions and the opening of several new laboratories – refer State of Affairs below – and is currently moving to capture emerging opportunities in Europe and Asia.

Campbell Chemicals	2006 \$'000	2005 \$'000	Increase / (Decrease)
Revenue	167,082	178,525	(6%)
Segment contribution	9,457	7,928	19%

Revenue from the consolidated entity's Chemicals division fell compared with the previous year following the disposal of its traditional branded consumer products business in October 2004. Despite this reduction in revenue, segment contribution increased following rationalisations of product lines and operational restructures in both the Industrial Chemical and Panamex Pacific business units.

The various business units comprising the Campbell Chemicals division continue to review their operations to ensure ongoing maximised returns on investment are achieved.

Reward Distribution	2006 \$'000	2005 \$'000	Increase
Revenue	112,015	80,548	39%
Segment contribution	5,929	4,820	23%

Substantial increases in both revenue and contribution were enjoyed by Reward Distribution division as it realised the benefits of significant acquisition activity in Australia and New Zealand over the past two years. Improved operational efficiencies are being achieved through the national integration of distribution and supply chains, product catalogues, stock lines and internal administration.

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

4. REVIEW AND RESULTS OF OPERATIONS *continued*

Net profit *continued*

Campbell Brothers Services	2006 \$'000	2005 \$'000	Increase
Revenue	37,170	22,419	66%
Segment contribution	3,111	2,179	43%

Acquisitions combined with greater market penetration and geographic coverage delivered strong revenue and contribution increases over the previous financial year for the Campbell Brothers Services (CBS) division. Further benefits are expected to be realised during the coming year from the roll-out of the CBS name across the network accompanied by marketing initiatives to develop stronger brand recognition.

5. DIVIDENDS

Dividends paid or declared by the Company to members since the end of the previous financial year are:

	Cents per share	Total \$'000
Fully franked ordinary dividends declared and paid during the year		
Final 2005, paid 1 July 2005	24	9,916
Interim 2006, paid 21 December 2005	21	8,773
Total amount		18,689
Fully franked ordinary dividend declared after the end of the financial year:		
Final 2006, to be paid 3 July 2006	29	14,787

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2006 and will be recognised in subsequent financial reports.

All dividends paid or declared since the end of the previous financial year were fully franked at the rate of 30%.

6. 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 and diversification in service and distribution industries. Details are as follows:

- ALS Laboratory Group continued its global expansion in both environmental testing and mineral assaying. Two environmental laboratory groups were acquired: Enviro-Test Laboratories (ETL) based in Edmonton (Canada) and Ecochem, based in Prague (Czech Republic). Also, several new laboratories were opened, 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 and
- In January 2006 the Company raised \$80,246,000 in proceeds from a rights issue and placement of ordinary shares.

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.

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

7. REMUNERATION REPORT

Remuneration policies

Overview of remuneration policies – audited

The Board recognises that the continued growth and strong financial performance of the consolidated entity depends upon its ability to attract and retain highly skilled executives in a competitive environment. To address this need the Board has established a Remuneration Committee, which is guided by a Remuneration Committee Charter. The Charter determines the terms of reference for the Remuneration Committee which includes the management of the consolidated entity's Executive and Board Remuneration Policy.

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and other key management personnel. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and management team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the consolidated entity. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparative companies both locally and internationally.

Non-executive Directors Remuneration Framework – audited

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2004 AGM, is not to exceed \$400,000 (excluding Superannuation Guarantee Charge) per annum. Non-executive directors do not receive options on securities or any other performance based remuneration. Directors' fees cover all main board activities including membership of board committees. In considering the level of remuneration for non-executive directors, the Remuneration Committee takes into account independently sourced survey data and other information about the level of fees and benefits being paid to non-executive directors by a peer group of comparable companies.

The current fee structure is outlined below:

	Board \$	Audit and Compliance Committee \$	Remuneration Committee \$
Chairman	100,000	20,000	1,400
Member	50,000	10,000	700

The above amounts are the remuneration paid annually and are exclusive of mandatory superannuation contributions payable by the consolidated entity on behalf of the directors.

Executive Director and Executive Remuneration Framework – audited

The Board is committed to delivering fair and equitable remuneration and reward practices that motivate executives, taking into account internal and external relativities and the consolidated entity's ability to meet commercial objectives.

Pursuant to the Executive and Board Remuneration Policy the consolidated entity's reward structure for invited executives comprises the following elements:

- Fixed remuneration comprising pre-determined cash and benefits.
- Variable ("at risk") remuneration comprising incentive payment opportunities with a short term (annual) and long term (three year) focus.
- Equity participation (employee share plan and executive option plan).
- Recognition and non-financial reward.

The remuneration policy aims to ensure that:

- Rewards are competitive in motivating, attracting and retaining executive talent to deliver continued and sustainable growth in total shareholder returns.
- Executives receive a level of reward that reflects the consolidated entity's performance and is also commensurate with the executive's performance, contribution and experience.
- Remuneration is aligned with and supports the consolidated entity's business strategies and capability requirements.

Fixed remuneration – audited

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, business unit, and overall performance of the consolidated entity and market practices. In addition external consultants provide analysis and advice to ensure key management personnel's remuneration is competitive in the market place.

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

7. REMUNERATION REPORT *continued*

Remuneration policies *continued*

At risk remuneration – audited

The objective of variable “at risk” remuneration is to encourage exceptional performance, to focus effort on key business drivers, and to reward performance and contribution. To this end senior executives may be invited to participate in the consolidated entity's Executive Incentive Scheme providing Short Term ('STI') and Long Term ('LTI') Incentives approved by the Board. The incentives available under this scheme are at risk and contingent upon the achievement of defined performance hurdles.

The hurdles may relate to both financial and individual targets. Financial performance targets relate to either the consolidated entity, or business unit results relevant to each individual. Individual performance targets relate to key objectives (KPI's) that must be delivered by the executive during the period.

The STI plan is an at risk bonus structure for which the incentive period runs until the end of each financial year. Performance hurdles for individual executives are determined annually and ratified by the Remuneration Committee. Executives STI's may not exceed 30% as a proportion of the individual executive's total employment cost, and range between 10% and 30% as individually determined by the Remuneration Committee.

Other executives who are not subject to the STI plan are entitled to annual bonuses where profitability criteria are achieved, subject to final approval by the Remuneration Committee which has the ultimate discretion over payment.

The consolidated entity maintains a LTI plan aimed at achieving ongoing growth in the business units within return on investment parameters. The plan operates to provide invited executives a secondary at risk performance bonus, which is measured incrementally over a three year hurdle horizon. Performance targets are ratified by the Remuneration Committee at the beginning of each three year period.

Consequences of performance on shareholders' wealth – unaudited

In considering the consolidated entity's performance and benefits for shareholders wealth, the Remuneration Committee has regard for the following performance indicators in respect of the current financial year and the previous four financial years.

	2006 \$'000	2005 \$'000	2004 \$'000	2003 \$'000	2002 \$'000
Profit attributable to equity holders of the parent	34,843	34,344	14,641	11,896	11,234
Profit (before unusual items and amortisation of goodwill) attributable to equity holders of the parent	34,177	25,005	17,939	14,919	13,493
Dividends paid	(23,560)	(17,297)	(13,183)	(11,723)	(11,607)
Share Price (\$)	14.80	9.41	6.12	4.34	6.06
Change in share price (\$)	5.39	3.29	1.78	(1.72)	1.21

The strategy of the Remuneration Committee in maintaining the consolidated entity's Executive Remuneration Policy is to align growth in shareholder value with reward provided to the executive. This is both short and long term (three years) in focus.

The primary performance hurdles for executives under the STI and LTI plans are:

- NPAT targets in relation to the consolidated entity or EBITA targets where these are in relation to specific business units.
- The STI plan provides financial stretch targets for executives based on NPAT or EBITA criteria which executives must achieve in order to receive 100% of their “at risk” STI. This “at risk” STI component is pro rated where the executive's business unit does not attain the stretch target but may still reach minimum financial performance hurdles.
- The LTI plan similarly rewards executives on achieving pre-determined NPAT or EBITA criteria however the hurdle horizon focuses on a cumulative three year cycle. Minimum financial hurdles are set for each of the three intervening financial periods and are cumulative year on year. The cumulative performance hurdle is assessed at the end of the three year period and the “at risk” LTI component becomes payable or is forfeited by the executive at this time. The existing LTI three year hurdle horizon expires on 31 March 2008.

The stretch targets and minimum financial performance hurdles governing the operation of both the STI and LTI plans are ratified independently by the Remuneration Committee.

The Remuneration Committee considers that the above performance-linked remuneration structure is generating the desired outcome.

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

7. REMUNERATION REPORT *continued*

Remuneration policies *continued*

Other benefits – audited

Executive directors and senior executives can receive their base remuneration as a proportion of their total employment cost as non-cash benefits, under the terms and conditions of their appointment. Non-cash benefits may typically include the provision of items which may be taxed on a concessional basis for FBT purposes (e.g. the provision of motor vehicles) and the consolidated entity pays fringe benefits tax on these benefits. Directors and executives are also entitled to salary sacrifice base remuneration as additional superannuation contributions.

Service contracts

Contract details – audited

The consolidated entity has not entered into any formal service contracts with its non-executive directors and executives. Executives have appropriate contractual arrangements.

Equity based remuneration – audited

Shares are issued from time to time at the discretion of the Board of Directors under the Employee Share Plan, as approved by shareholders at the 1996 AGM. It provides for eligible employees, including executives and executive directors, to acquire ordinary shares in the Company. The price of shares issued under the Employee Share Plan is determined at the discretion of directors and may be less than the prevailing market price. Shares acquired by an executive under the Employee Share Plan are held by a trustee for at least three years, during which time they cannot be sold unless the executive ceases employment with the consolidated entity. Refer Note 23 to the financial statements.

In previous years, options over ordinary shares have been issued from time to time at the discretion of the Board of Directors under the Executive Share Option Plan (ESOP). The ESOP was terminated by the Board during the year to March 2006. All options previously held by executives were exercised during the current year. Refer Note 23 to the financial statements.

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

7. REMUNERATION REPORT *continued*

Directors' and executive officers' remuneration (Consolidated)

Details of the nature and amount of each major element of remuneration of each director of the Company and each of the named Company executives and relevant group executives who receive the highest remuneration are:

		Short-term			Post-employment		Other long term \$	Termination benefits \$	Share based payments	Total \$
		Salary & fees \$	STI cash bonus \$(a)	Non-monetary benefits \$(b)	Super-annuation benefits \$	Retirement benefits \$			Value of options (c) \$	
In AUD										
Directors										
Non-executive directors										
Mr G J McGrath	2006	111,400			10,026		467			121,893
	2005	88,100			7,929	5,744	1,520			103,293
Mr A J Love	2006	50,700			4,563		467			55,730
	2005	47,633			4,287	167,915	1,520			221,355
Mrs N Withnall	2006	70,000			6,300		467			76,767
	2005	64,500			5,805	158,263	1,520			230,088
Mr M D Kriewaldt	2006	60,700			5,463		467			66,630
	2005	56,500			5,085	53,536	1,520			116,641
Mr R G Hill	2006	60,000			5,400		467			65,867
	2005	53,000			4,770	1,607	1,520			60,897
Mr B R Brown	2006				27,250		233			27,483
(appointed 1 October 2005)										
Executive directors										
Mr G F Kilmister	2006	404,324	172,500	42,092	72,904		370		5,131	697,321
(appointed, MD/CEO 1 September 2005)	2005	290,877	120,000	39,203	59,723		1,348		8,250	519,401
Mr B R Brown	2006	227,975		25,074	104,827		196	397,793	4,142	760,007
(retired as MD/CEO 31 August 2005)	2005	498,142	172,500	54,098	11,339		1,520		14,000	751,599
Executives										
Mr A Austin	2006	196,169	75,000	22,883	31,484		235		5,131	330,902
	2005	180,198	71,100	23,025	37,492		1,348		8,250	321,413
Mr N Thompson	2006	130,164	73,200	27,352	91,053		235		3,421	325,425
	2005	112,274	70,200	25,677	81,996		1,348		5,500	296,995
Mr P Davis	2006	172,379	68,250	24,862	17,238		235		3,421	286,385
	2005	182,591	30,000	23,485	18,259		1,348		5,500	261,183
Mr R Murphy	2006	230,000	15,385				235			245,620
	2005	205,500	33,600				1,348			240,448
Mr D Brown	2006	185,032	51,838	23,085	16,937		235			277,127
	2005	171,422		21,536	15,428		1,348			209,734
Mr H Blok	2006	375,500	116,824	7,120			235		3,421	503,100
	2005	306,212	107,043	5,046			1,348		5,500	425,149
Former executive										
Mr D Tregurtha	2005	212,198		33,424	38,215		1,348	196,551	8,250	489,986
Total Compensation:										
key management personnel	2006	2,274,343	572,997	172,468	393,445	-	4,544	397,793	24,667	3,840,257
(Consolidated)	2005	2,469,147	604,443	225,494	290,328	387,065	19,904	196,551	55,250	4,248,182
Total Compensation:	2006	1,668,843	440,788	165,348	393,445	-	4,074	397,793	21,246	3,091,537
key management personnel	2005	1,957,435	463,800	220,448	290,328	387,065	17,208	196,551	49,750	3,582,585
(Company)										

- (a) Cash bonuses are paid annually following the end of the preceding financial year. The grant date is tied to the performance appraisal which for the current year, was completed by 31 March. The specific service and performance criteria are set out earlier in this note.
- (b) Non-monetary benefits include payment of allowances, provision of other benefits such as motor vehicles, fringe benefits tax thereon and an amount representing commercial interest that would have been charged during the period on the executive's outstanding employee loan balances owed to the parent entity had these loans not been interest free.
- (c) No options were granted under the Executive Share Option Plan during the financial year (2005: Nil). The fair value of the options granted in previous financial years is calculated at the date of grant using the 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 *continued*

For the year ended 31 March 2006

7. REMUNERATION REPORT *continued*

Analysis of bonuses included in remuneration - unaudited

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each of the named executives are detailed below:

	Short term incentive bonus 2006		
	Included in remuneration \$ (a)	% vested this year	% forfeited this year (b)
Executives			
Mr G F Kilmister	172,500	100	-
Mr A Austin	75,000	100	-
Mr N Thompson	73,200	100	-
Mr P Davis	68,250	100	-
Mr R Murphy	15,385	22	78
Mr D Brown	51,838	75	25
Mr H Blok	116,824	100	-

(a) Amounts included in remuneration for the financial year represents the amount that vested in the financial year based on the achievement of personal goals and satisfaction of specified performance criteria.

(b) The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

Proportion of performance related and option based remuneration – unaudited

Details of each of the named executives performance related and option based remuneration as a proportion of their total remuneration is detailed below:

		Proportion of remuneration performance based %	Proportion of remuneration option based %
Executives			
Mr G F Kilmister	2006	24.7	0.7
	2005	23.1	1.6
Mr B R Brown	2006	-	0.5
	2005	22.9	1.8
Mr A Austin	2006	22.6	1.5
	2005	22.1	2.5
Mr N Thompson	2006	22.5	1.0
	2005	23.6	1.8
Mr P Davis	2006	23.8	1.2
	2005	11.5	2.1
Mr R Murphy	2006	6.3	-
	2005	13.9	-
Mr D Brown	2006	18.7	-
	2005	-	-
Mr H Blok	2006	23.2	0.7
	2005	25.1	1.3
Former Executive Mr D Tregurtha	2005	-	1.7

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

8. 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.

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 industry associations, including ACCORD Australasia. ACCORD liaises with government authorities, reviews regulation and develops pro-active industry policies on relevant environmental issues.

Initiatives

There were a number of environmental initiatives implemented during the year including:

- A proactive dust monitoring program was run throughout all ALS Chemex sites in Australia which monitored and recorded total dust levels on site.
- A site contamination due diligence program was conducted on all CBS Pest Control sites that were acquired during the year. GHD reported that on all sites the level of contaminants were found to be below the relevant health criteria and the current level of management controls were adequate.
- Campbell Cleantec at Darra implemented "cleaner production methods" to reduce the overall volume of trade waste discharged to sewer.
- Upgrades were conducted on trade waste treatment plants at a number of ALS sites including Perth, Smithfield, and Vancouver.
- ALS Stafford implemented a stormwater management plan which included the roofing of a large open work area.
- Independent environmental due diligence audits were conducted for the main manufacturing sites.

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.

9. EVENTS SUBSEQUENT TO REPORTING 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 future financial years.

10. LIKELY DEVELOPMENTS

During the next financial year, the consolidated entity will continue to pursue increases in 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' REPORT *continued*

For the year ended 31 March 2006

11. DIRECTORS' INTERESTS

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:

	Ordinary shares
Mr G J McGrath	224,955
Mr G F Kilmister	102,000
Mr A J Love	47,000
Mrs N Withnall	1,810
Mr M D Kriewaldt	51,391
Mr R G Hill	12,000
Mr B R Brown	102,272

There are no unissued ordinary shares of the Company under option. Refer "Share options" below.

12. 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:

	Board Meetings		Audit & Compliance Committee Meetings (4)		Remuneration Committee Meetings		Nomination Committee Meetings	
	A	B	A	B	A	B	A	B
Mr G J McGrath	11	11	4	4	3	3	2	2
Mr G F Kilmister (1)	6	6	-	-	-	-	-	-
Mr A J Love	11	11	-	-	3	3	2	2
Mrs N Withnall (3)	10	11	4	4	-	-	2	2
Mr M D Kriewaldt	11	11	4	4	3	3	2	2
Mr R G Hill	11	11	4	4	-	-	2	2
Mr B R Brown (2)	10	10	-	-	-	-	1	1

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

- (1) Mr Kilmister was appointed Managing Director 1/9/05.
- (2) Mr Brown retired as Managing Director 31/8/05 and was appointed a non-executive director 1/10/05.
- (3) Mrs Withnall was absent from one board meeting due to illness.
- (4) Although they are not members of the Audit & Compliance Committee, Mr Love and Mr Brown attended all meetings of the Committee during the year as permitted by the Committee's charter.

13. SHARE OPTIONS

The consolidated entity's Executive Share Option Plan (ESOP) was terminated by the Board during the year to March 2006. All options previously held by executives were exercised during the year as listed in the table below.

Options granted to directors and officers of the Company

No options over shares have been granted by the Company during or since the end of the financial year.

Unissued shares under options

At the date of this report there were no unissued ordinary shares of the Company under option.

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 (there were no amounts unpaid on the shares issued):

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

13. SHARE OPTIONS *continued*

Shares issued on exercise of options *continued*

	Number of shares	Amount paid on each share	Market value of options at exercise date (a)
Named Executives			
Mr G F Kilmister	30,000	\$5.18	\$5.62
Mr B R Brown	75,000 (b)	\$5.50	\$4.00
Mr H Blok	20,000	\$5.18	\$5.62
Mr A Austin	30,000	\$5.18	\$5.60
Mr P Davis	20,000	\$5.18	\$5.60
Mr N Thompson	20,000	\$5.18	\$5.60
Other Executives	70,000	\$5.18	\$4.47 (c)

(a) The market value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Stock Exchange as at close of trading on the date the options were exercised after deducting the price to be paid to exercise the option.

(b) Mr Brown disposed of his options to a third party between the vesting and expiry dates as permitted under the terms of the ESOP.

(c) This is the weighted average market value for options exercised during the financial year by other executives.

14. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

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.

15. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

DIRECTORS' REPORT *continued*

For the year ended 31 March 2006

15. NON-AUDIT SERVICES *continued*

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

	Consolidated		The Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Audit services				
Auditors of the Company				
<i>KPMG Australia:</i>				
Audit and review of financial reports	275,500	206,750	193,200	147,200
<i>Other KPMG member firms:</i>				
Audit and review of financial reports	153,200	142,396	-	-
	428,700	349,146	193,200	147,200
Other auditors				
Audit and review of financial reports	17,033	10,206	-	-
	445,733	359,352	193,200	147,200
Other services				
<i>KPMG Australia</i>				
Audit of share register, annual general meeting proxies and other assurance services	20,700	15,500	15,500	14,500
Due diligence services	6,500	-	6,500	-
Accounting advice	5,200	4,000	5,200	4,000
Other assurance and investigation services	204,500	59,272	204,500	59,272
KPMG related practices				
Due diligence services	138,300	533,233	138,300	533,233
<i>Other KPMG member firms:</i>				
Accounting advice and assistance	-	21,891	-	-
Other assurance and investigation services	2,740	-	-	-
Due diligence services	189,500	-	-	-
Taxation Services	54,380	15,728	-	-
	621,820	649,624	370,000	611,005

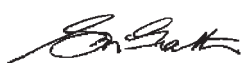
16. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 85 and forms part of the directors' report for the financial year ended 31 March 2006.

17. ROUNDING OFF

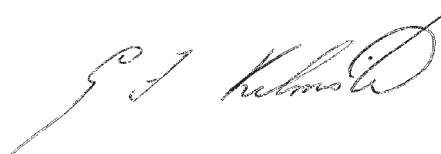
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



G J McGrath
Chairman

Dated at Brisbane, on 30 May 2006



G F Kilmister
Managing Director

Dated at Brisbane, on 30 May 2006

INCOME STATEMENTS

For the year ended 31 March 2006

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Revenue from sale of goods		276,325	256,780	117,935	125,079
Revenue from rendering of services		246,329	178,782	257	-
Other income	4	910	215	25,792	14,700
Net gain on sale of branded consumer products business	6	951	30,154	951	29,098
Changes in inventories of finished goods and work in progress		4,671	4,281	2,638	2,921
Raw materials and consumables purchased		(214,058)	(190,987)	(71,922)	(75,887)
Employee expenses		(148,949)	(114,658)	(25,819)	(25,417)
Warehousing and distribution costs		(18,385)	(17,864)	(6,008)	(7,914)
Amortisation and depreciation		(16,512)	(13,999)	(3,525)	(4,404)
Selling expenses		(8,105)	(8,542)	(1,531)	(3,468)
Administration and other expenses		(66,309)	(50,719)	(20,413)	(9,603)
Write-downs in values of businesses	6	-	(22,868)	-	(10,237)
Share of net profits of associates accounted for using the equity method	15	762	45	-	-
Profit before financing costs	3	57,630	50,620	18,355	34,868
Financial income	8	516	218	1,784	5,423
Financial expenses	8	(6,071)	(5,695)	(4,105)	(4,709)
Net financing costs		(5,555)	(5,477)	(2,321)	714
Profit before tax		52,075	45,143	16,034	35,582
Income tax expense	9	(17,182)	(10,381)	1,052	(634)
Profit for the period		34,893	34,762	17,086	34,948
Attributable to:					
Equity holders of the parent		34,843	34,344	17,086	34,948
Minority interest		50	418	-	-
Profit for the period		34,893	34,762	17,086	34,948
Basic earnings per share from continuing operations	10	76.84c	84.11c		
Diluted earnings per share from continuing operations	10	76.73c	83.91c		
Dividends per share	23	50c	42c		

The income statements are to be read in conjunction with the notes of the financial statements set out on pages 42 to 82. The adoption of AIFRS effective 1 April 2004 resulted in a significant restatement of 2005 comparative figures relating to the October 2004 disposal of the consolidated entity's branded consumer products business and related write-downs of businesses. Refer Notes 6 and 36 to the financial statements.

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 March 2006

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Foreign exchange translation differences	23	4,011	(133)	-	-
Loss on hedge of net investment in foreign subsidiary	23	(697)	(288)	-	-
Net gain on cash flow hedges taken to equity	23	505	-	505	-
Net income / (loss) recognised directly in equity		3,819	(421)	505	-
Profit for the period		34,893	34,762	17,086	34,948
Total recognised income and expense for the period		38,712	34,341	17,591	34,948
Attributable to:					
Equity holders of the parent	25	38,662	33,923	17,591	34,948
Minority interest		50	418	-	-
Total recognised income and expense for the period		38,712	34,341	17,591	34,948

Other movements in equity arising from transactions with owners as owners are set out in note 23.

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 42 to 82.

BALANCE SHEETS

As at 31 March 2006

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Assets					
Cash and cash equivalents	11	35,629	14,641	14,144	2,282
Trade and other receivables	12	95,882	77,631	20,491	24,207
Inventories	13	51,858	40,416	22,208	19,569
Other	14	5,494	4,841	225	929
Total current assets		188,863	137,529	57,068	46,987
Receivables	12	716	251	140,614	118,084
Investments accounted for using the equity method	15	2,359	1,881	-	-
Deferred tax assets	18	7,579	5,911	4,130	2,235
Property, plant and equipment	19	125,361	89,313	36,376	37,294
Intangible assets	20	135,979	67,167	6,744	6,764
Other investments	16	177	20	24,801	22,476
Total non-current assets		272,171	164,543	212,665	186,853
Total assets	3	461,034	302,072	269,733	233,840
Liabilities					
Bank overdraft	11	2,035	3,918	-	917
Trade and other payables	21	60,219	45,752	14,068	18,266
Interest-bearing loans and borrowings	22	4,304	1,390	26	22
Income tax payable	17	8,348	6,081	4,155	2,645
Employee benefits		10,828	8,709	1,519	2,003
Total current liabilities		85,734	65,850	19,768	23,853
Interest-bearing loans and borrowings	22	114,970	82,504	28,467	73,694
Deferred tax liabilities	18	1,054	813	-	-
Employee benefits		2,029	1,373	1,681	1,116
Other		595	301	-	-
Total non-current liabilities		118,648	84,991	30,148	74,810
Total liabilities	3	204,382	150,841	49,916	98,663
Net assets		256,652	151,231	219,817	135,177
Equity					
Issued capital	23	197,923	112,185	197,923	112,185
Reserves	23	3,398	(421)	505	-
Retained earnings		53,650	37,496	21,389	22,992
Total equity attributable to equity holders of the parent		254,971	149,206	219,817	135,177
Minority interest	24	1,681	1,971	-	-
Total equity	25,36	256,652	151,231	219,817	135,177

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 42 to 82.

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2006

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Cash flows from operating activities					
Cash receipts from customers		563,085	456,495	132,901	139,096
Cash paid to suppliers and employees		(493,913)	(409,124)	(128,893)	(134,088)
Cash generated from operations		69,172	47,371	4,008	5,008
Dividends received		-	-	25,008	14,700
Interest paid		(6,071)	(5,599)	(3,992)	(4,815)
Interest received		516	218	378	59
Income taxes paid		(17,102)	(10,557)	(6,197)	(3,230)
Net cash from operating activities	32	46,515	31,433	19,205	11,722
Cash flows from investing activities					
Payments for property, plant and equipment		(26,808)	(19,087)	(4,173)	(3,510)
Loans to controlled entities to finance payment for acquisitions		-	-	(15,380)	(25,321)
Payments for net assets on acquisition of businesses and controlled entities		(86,142)	(24,508)	-	-
Additional payment in respect of prior year acquisition of controlled entity		(51)	(1,000)	-	-
Dividend from associate		284	196	-	-
Proceeds from sale of branded consumer products business		-	45,500	-	43,500
Proceeds from sale of other non-current assets		3,995	992	2,369	37
Proceeds from partial divestment of interest in controlled entity		193	-	-	-
Costs incurred in disposing of branded consumer products business		-	(2,064)	-	(1,980)
Deposits received for future sale of non-current assets		-	550	-	550
Loans to associates		-	(1,055)	-	-
Net cash from investing activities		(108,529)	(476)	(17,184)	13,276
Cash flows from financing activities					
Proceeds from the issue of share capital		81,643	104	81,643	104
Proceeds from borrowings		106,203	33,000	25,200	33,000
Repayment of borrowings		(87,629)	(47,435)	(81,800)	(47,056)
Lease payments		(2,420)	(1,906)	(33)	(37)
Dividends paid		(14,252)	(10,477)	(14,252)	(10,477)
Net cash from financing activities		83,545	(26,714)	10,758	(24,466)
Net increase in cash and cash equivalents		21,531	4,243	12,779	532
Cash and cash equivalents at 1 April		10,723	6,492	1,365	833
Effect of exchange rate fluctuations on cash held		1,340	(12)	-	-
Cash and cash equivalents at 31 March	11	33,594	10,723	14,144	1,365

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 42 to 82.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES

Campbell Brothers Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 31 March 2006 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interest in associates and jointly controlled entities.

The financial report was authorised for issue by the directors on 30 May 2006.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ("AIFRS") to distinguish from previous Australian GAAP.

This is the consolidated entity's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the consolidated entity and the Company is provided in note 36.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The entity has elected to early adopt the following revised accounting standards:

- AASB 119 *Employee Benefits* (December 2004);
- AASB 2004-3 *Amendments to Australian Accounting Standards* (December 2004) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 101 *Presentation of Financial Statements*, AASB 124 *Related Party Disclosures*.
- AASB 2005-1 *Amendments to Australian Accounting Standards* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*.
- AASB 2005-3 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 119 *Employee Benefits* (either July or December 2004).
- AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 1023 *General Insurance Contracts*, AASB 1038 *Life Insurance Contracts*.
- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), and AASB 139 *Financial Instruments: Recognition and Measurement*.
- AASB 2005-6 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 3 *Business Combinations*.
- AASB 2005-8 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004).
- AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) amending AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts*, AASB 132 *Financial Instruments: Disclosure and Presentation*, and AASB 139 *Financial Instruments*.
- AASB 2005-11 *Amendments to Australian Accounting Standards* (September 2005) amending AASB 101 *Presentation of Financial Statements*, AASB 112 *Income Taxes*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 133 *Earnings per Share* and AASB 139 *Financial Instruments: Recognition and Measurement*.
- UIG 4 *Determining whether an Arrangement contains a Lease*.
- UIG 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*.

The financial report is prepared on the historical cost basis except that derivative financial instruments are stated at their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(b) Basis of preparation *continued*

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) 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.

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and in preparing an opening AIFRS balance sheet at 1 April 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

(c) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Associates

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to the "Investment in associates" and "Share of associates net profit" accounts.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(d) Foreign currency *continued*

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to the translation reserve. They are released into the income statement upon disposal.

(e) Derivative financial instruments

Current accounting policy

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy f).

The fair value of interest rate contracts is the estimated amount that the consolidated entity would receive or pay to terminate the contract at the balance sheet date, taking into account current interest rates and the current creditworthiness of counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Comparative period policy

The consolidated entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The consolidated entity uses the following derivative financial instruments to hedge these risks: interest rate swaps, forward rate agreements, interest rate options, forward foreign exchange contracts and futures commodity price contracts. Derivative financial instruments are not held for speculative purposes.

The quantitative effect of the change in accounting policy is not considered to be material to the financial report.

(f) Hedging

Current accounting policy

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(f) Hedging *continued*

Current accounting policy *continued*

Cash flow hedges *continued*

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

Hedge of net investment in foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in income statement.

Comparative period policy

Cash flow 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, are designated prospectively so that it is clear when an anticipated transaction has or has not occurred and it is probable the anticipated transaction will occur as designated.

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 income statement.

The net amount receivable or payable under forward foreign exchange contracts and the associated deferred gains or losses are recorded on the Balance Sheet from the date of inception of the hedge transaction. When recognised, the net receivables or payables are revalued using the foreign currency current at reporting date.

The net amounts receivable or payable under interest rate contracts and the associated deferred gains or losses are not recorded on the balance sheet until the hedge transaction occurs.

Option premiums are recorded in "other assets" when paid and included in the measurement of the transaction when it occurs.

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

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains or 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 income statement for the period.

Where a hedge is redesignated as a hedge of another transaction, gains or losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur as designated, any gains or losses relating to the hedge instrument are included in the income statement for the period.

Gains or losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains or losses are recognised immediately in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(f) Hedging *continued*

Comparative period policy *continued*

Hedge of 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.

The quantitative effect of the change in accounting policy is not considered to be material to the financial report.

(g) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy I).

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 April 2004, the date of transition to AIFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases in terms of which the consolidated entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in accounting policy s.

Subsequent costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line and diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Buildings	20-80 years
Plant and equipment	3-10 years
Lease hold improvements	5-20 years
Leased plant and equipment	4-5 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(h) Intangible assets

Goodwill

Business combinations

Business combinations prior to 1 April 2004

Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 April 2004 has not been reconsidered in preparing the consolidated entity's opening AIFRS balance sheet at 1 April 2004 (see note 36).

Business combinations since 1 April 2004

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see accounting policy I). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(h) Intangible assets *continued*

Other intangible assets

Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy l).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

Capitalised computer software	3 - 10 years
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(i) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy l).

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) Impairment

The carrying amounts of the consolidated entity's assets, inventories (see accounting policy j) and deferred tax assets (see accounting policy t), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see "Calculation of recoverable amount" below).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Goodwill and indefinite-lived intangible assets were tested for impairment at 1 April 2004, the date of transition to AIFRS, even though no indication of impairment existed.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(l) Impairment *continued*

Calculation of recoverable amount

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred.

Receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(n) Interest-bearing borrowings

Current accounting policy

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Comparative period policy

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in Note 21 Trade and Other Payables.

(o) Employee benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the consolidated entity's obligations.

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(o) Employee benefits *continued*

Share-based payment transactions

The share option programme allows consolidated entity employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(p) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

(r) Revenue

Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

(s) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy e).

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

(t) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initially recognition of goodwill, the initial recognition of assets or

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(t) Income tax *continued*

liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 April 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Campbell Brothers Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payable (receivable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

(u) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(v) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or 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, the taxation authority are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of goodwill and intangibles with indefinite useful lives

The consolidated entity assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually in accordance with the accounting policy in note 1(l). These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

3. SEGMENT REPORTING

Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format, business segments, is based on the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises the following main business segments:

ALS Laboratory Group – Provision of consulting and analytical laboratory services.

Campbell Chemicals – Manufacture and distribution of cleaning agents and chemicals for both domestic and industrial customers.

Reward Distribution – Distribution of non-food consumables to the healthcare, building services, hospitality and leisure industries.

Campbell Brothers Services – Provision of pest control, hygiene and cleaning services to domestic, commercial and industrial customers.

Geographical segments

The ALS Laboratory Group, Campbell Chemicals and Reward Distribution segments are managed on a regional basis which has been classified into three geographical areas: Australasia, Americas and other regions.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

3. SEGMENT REPORTING *continued*

Business segments

	ALS Laboratory Group		Campbell Chemicals		Reward Distribution		Campbell Brothers Services		Eliminations		Consolidated	
<i>In thousands of AUD</i>	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers:												
Revenue	208,901	156,497	164,568	176,098	112,015	80,548	37,170	22,419	-	-	522,654	435,562
Inter-segment revenue	-	-	2,514	2,427	-	-	-	-	(2,514)	(2,427)	-	-
Total revenue	208,901	156,497	167,082	178,525	112,015	80,548	37,170	22,419	(2,514)	(2,427)	522,654	435,562
Segment result	46,556	34,990	9,457	8,491	5,929	4,820	3,111	2,179	-	-	65,053	50,480
Share of net profit of equity accounted investments	762	608	-	(563)	-	-	-	-	-	-	762	45
Segment contribution	47,318	35,598	9,457	7,928	5,929	4,820	3,111	2,179	-	-	65,815	50,525
Unallocated income and expenses including unusual items (note 6)											(8,185)	95
Profit before financing costs											57,630	50,620
Net financing costs											(5,555)	(5,477)
Income tax expense											(17,182)	(10,381)
Profit for the period											34,893	34,762
Segment assets	212,435	95,122	98,406	102,429	58,829	40,707	41,056	36,268	-	-	410,726	274,526
Investment in associates	2,359	1,881	-	-	-	-	-	-	-	-	2,359	1,881
Unallocated assets											47,949	25,665
Total assets											461,034	302,072
Segment liabilities	30,038	15,231	15,975	19,847	15,646	9,693	7,744	6,006	-	-	69,403	50,777
Unallocated liabilities											134,979	100,064
Total liabilities											204,382	150,841
Capital expenditure	20,799	14,974	3,697	3,231	1,729	1,027	950	582	-	-	27,175	19,814
Unallocated corporate capital expenditure											714	30
Total capital expenditure											27,889	19,844
Amortisation and depreciation	10,213	7,343	3,668	4,616	1,376	1,048	1,087	833	-	-	16,344	13,840
Unallocated amortisation and depreciation											169	159
Total amortisation and depreciation											16,513	13,999
Non-cash expenses	512	650	458	787	1,064	100	243	118	-	-	2,277	1,655
Unallocated Corporate non-cash expenses											(200)	488
Total non-cash expenses											2,077	2,143

Geographical segments

	Australasia		Americas		Other regions		Eliminations		Consolidated	
<i>In thousands of AUD</i>	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers	360,202	310,922	128,383	101,083	34,069	23,557	-	-	522,654	435,562
Segment assets	274,357	231,638	139,911	50,138	46,766	20,296	-	-	461,034	302,072
Capital expenditure	13,030	9,417	10,378	6,808	4,481	3,619	-	-	27,889	19,844

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

4. OTHER INCOME

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Net gain on disposal of property, plant and equipment	614	-	784	-
Dividend income	-	-	25,008	14,700
Other revenue	296	215	-	-
	910	215	25,792	14,700

5. SIGNIFICANT EXPENSES

<i>In thousands of AUD</i>				
Cost of good sold	199,562	184,110	80,583	84,321
Net loss on disposal of property, plant and equipment	-	193	-	13
Operating lease rentals	4,724	4,023	2,339	2,300
Contributions to defined contribution post-employment plans	8,271	6,639	1,766	1,886

6. UNUSUAL ITEMS

<i>In thousands of AUD</i>				
Profit for the period attributable to equity holders of the parent includes the following unusual items:				
Gain on disposal of plant and equipment pursuant to sale of branded consumer products business	951	-	951	-
Gain on sale of branded consumer products business	-	35,248	-	34,067
Costs incurred in sale of branded consumer products business	-	(5,094)	-	(4,969)
	951	30,154	951	29,098
Related write-downs of consumer division assets:				
Write-down to recoverable amount plant and equipment and purchased trademarks and brandnames retained by consumer division	-	(9,539)	-	(8,936)
Write-down to recoverable amount consumer division investment in retail brokerage services business	-	(6,158)	-	(98)
	951	14,457	951	20,064
Adjustments to fair values of other purchased trademarks and brandnames	-	(1,332)	-	(1,203)
Write-down to recoverable amount goodwill in consumer division	-	(5,839)	-	-
	951	7,286	951	18,861
Income tax effect	(285)	2,053	(285)	(319)
	666	9,339	666	18,542

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

7. AUDITORS' REMUNERATION

<i>In AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Audit services				
Auditors of the Company				
<i>KPMG Australia:</i>				
Audit and review of financial reports	275,500	206,750	193,200	147,200
<i>Other KPMG member firms:</i>				
Audit and review of financial reports	153,200	142,396	-	-
	428,700	349,146	193,200	147,200
Other auditors				
Audit and review of financial reports	17,033	10,206	-	-
	445,733	359,352	193,200	147,200
Other services				
Auditors of the Company				
<i>KPMG Australia</i>				
Audit of share register, annual general meeting proxies and other assurance services	20,700	15,500	15,500	14,500
Due diligence services	6,500	-	6,500	-
Accounting advice	5,200	4,000	5,200	4,000
Other assurance and investigation services	204,500	59,272	204,500	59,272
KPMG related practices				
Due diligence services	138,300	533,233	138,300	533,233
<i>Other KPMG member firms:</i>				
Accounting advice and assistance	-	21,891	-	-
Other assurance and investigation services	2,740	-	-	-
Due diligence services	189,500	-	-	-
Taxation Services	54,380	15,728	-	-
	621,820	649,624	370,000	611,005
8. NET FINANCING COSTS				
<i>In thousands of AUD</i>				
Interest income from :				
Related parties	-	-	1,406	5,364
Other parties	516	218	378	59
Financial income	516	218	1,784	5,423
Interest expense from:				
Related parties	-	-	113	185
Other parties	5,837	5,479	3,984	4,509
Finance charges on capitalised leases	234	216	8	15
Financial expenses	6,071	5,695	4,105	4,709
Net financing costs/(income)	5,555	5,477	2,321	(714)

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

9. INCOME TAX EXPENSE

Recognised in the income statement

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Current tax expense				
Current year	18,012	14,074	(690)	3,413
Adjustments for prior years	386	127	203	(216)
	18,398	14,201	(487)	3,197
Deferred tax expense				
Origination and reversal of temporary differences	(1,280)	(3,819)	(564)	(2,563)
Expense on derecognition of tax loss	64	-	-	-
	(1,216)	(3,819)	(564)	(2,563)
Total income tax expense in income statement	17,182	10,382	(1,051)	634
Attributable to:				
Continuing operations	17,182	10,382	(1,051)	634
Discontinuing operations	-	-	-	-
	17,182	10,382	(1,051)	634
Reconciliation between tax expense and pre-tax net profit				
Profit before tax	52,075	45,143	16,034	35,582
Income tax using the domestic corporation tax rate of 30% (2005: 30%)	15,623	13,543	4,810	10,675
Increase in income tax expense due to:				
Non-deductible expenses	149	422	23	24
Assessable profit upon sale of branded consumer products business	-	4,191	-	4,537
Non-deductible acquisition related costs	87	-	-	-
Tax losses of controlled entities not recognised	171	583	-	-
Writedown in carrying values of intangibles	-	1,752	-	-
Writedown in investments in equity accounted entities	-	223	-	-
Derecognition of carry forward losses previously recognised	64	-	-	-
Non resident withholding tax paid upon receipt of distributions from foreign related parties	1,226	-	-	-
Difference resulting from different tax rates in overseas countries	157	467	-	-
Decrease in income tax expense due to:				
Research and development costs	(39)	(22)	(39)	(22)
Previously unrecognised tax losses utilised during the year	(126)	(377)	-	-
Non-assessable profit upon sale of branded Consumer Products business	-	(9,905)	-	(9,905)
Share of associate entities net profit	(229)	(240)	-	-
Tax exempt revenues	(222)	(280)	(6,046)	(4,410)
Other items	(65)	(102)	(2)	(49)
Under / (over) provided in prior years	386	127	203	(216)
Income tax expense on pre-tax net profit	17,182	10,382	(1,051)	634
Attributable to:				
Continuing operations	17,182	10,382	(1,051)	634
Discontinuing operations	-	-	-	-
	17,182	10,382	(1,051)	634
Deferred tax recognised directly in equity				
Relating to issue of ordinary shares	(396)	-	(396)	-
	(396)	-	(396)	-

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

10. EARNINGS PER SHARE

<i>Cents per share</i>	Consolidated	
	2006	2005
Basic earnings per share	76.84	84.11
Basic underlying earnings per share	75.37	61.24
Diluted earnings per share	76.73	83.91
Diluted underlying earnings per share	75.27	61.10

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of \$34,843,000 (2005: \$34,344,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2006 of 45,343,471 (2005: 40,834,465).

Basic underlying earnings per share

The calculation of basic underlying earnings per share was based on underlying net profit after tax before unusual items of \$34,177,000 (2005: \$25,005,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2006 of 45,343,471 (2005: 40,834,465).

Weighted average number of ordinary shares

<i>In thousands of shares</i>	<i>Note</i>	Consolidated	
		2006	2005
Issued ordinary shares at 1 April	23	41,265	40,050
Effect of executive share options exercised	23	144	6
Effect of shares issued in July 2004	23	-	334
Effect of shares issued in July 2005	23	225	-
Effect of shares issued in September 2004	23	-	308
Effect of shares issued in December 2004	23	-	136
Effect of shares issued in December 2005	23	126	-
Effect of rights issue allotment of new shares	23	3,330	-
Effective of private placement allotment of new shares	23	253	-
Weighted average number of ordinary shares at 31 March		45,343	40,834

Diluted earnings per share

The calculation of diluted earnings per share was based on profit attributable to ordinary shareholders for the year of \$34,843,000 (2004: \$34,344,000) and a diluted weighted average number of ordinary shares outstanding during the year ended 31 March 2006 of 45,408,276 (2004: 40,927,343), calculated as follows:

Diluted underlying earnings per share

The calculation of diluted underlying earnings per share was based on underlying net profit after tax before unusual items of \$34,177,000 (2005: \$25,005,000) and a diluted weighted average number of ordinary shares outstanding during the year ended 31 March 2006 of 45,408,276 (2004: 40,927,343), calculated as follows:

Weighted average number of ordinary shares (diluted)

<i>In thousands of shares</i>	Consolidated	
	2006	2005
Weighted average number of ordinary shares at 31 March	45,343	40,834
Effect of share options on issue	65	93
Weighted average number of ordinary shares (diluted) at 31 March	45,408	40,927

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

11. CASH AND CASH EQUIVALENTS

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Bank balances		33,394	14,588	14,144	2,282
Call deposits		2,235	53	-	-
Cash and cash equivalents in the balance sheet		35,629	14,641	14,144	2,282
Bank overdrafts repayable on demand		(2,035)	(3,918)	-	(917)
Cash and cash equivalents in the statement of cash flows		33,594	10,723	14,144	1,365

12. TRADE AND OTHER RECEIVABLES

In thousands of AUD

Current

Trade receivables	23	84,976	68,452	15,644	18,523
Fair value derivatives		505	-	505	-
Other receivables		10,401	9,179	3,520	5,412
Receivables due from controlled entities		-	-	822	272
		95,882	77,631	20,491	24,207

Non-current

Security deposits		711	244	-	-
Loans to controlled entities		-	-	140,614	118,084
Loans owing by associate		5	7	-	-
		716	251	140,614	118,084

Trade receivables are shown net of impairment losses amounting to \$2,286,000 for consolidated (2005: \$1,534,000) and \$130,000 for the Company (2005: \$18,000).

13. INVENTORIES

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Raw materials and consumables	10,622	8,941	5,034	4,723
Work in progress	6,372	2,796	2,726	476
Finished goods	34,864	28,679	14,448	14,370
	51,858	40,416	22,208	19,569

14. OTHER CURRENT ASSETS

In thousands of AUD

Prepayments	3,942	3,130	166	817
Other	1,552	1,711	59	112
	5,494	4,841	225	929

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

Investments in associates are accounted for using the equity method. The consolidated entity has investments in the following associates:

Name	Principal activities	Reporting date	Ownership interest Consolidated	
			2006	2005
ALS Technichem (Malaysia) Snd Bhd	Laboratory services	31 December	40%	40%
Australian Hospitality Imports Pty Ltd	Glassware importer / distributor	30 June	50%	50%

In thousands of AUD

Movements in carrying amount of investments in associates:

Carrying amount at the beginning of the financial year

Share of associates' net profit

Dividends received

Net loss on write-down of equity accounted investments

Consolidated	
2006	2005
1,881	3,459
762	45
(284)	(196)
-	(1,427)
2,359	1,881

16. OTHER INVESTMENTS

In thousands of AUD

Non-current investments

Investments in controlled entities- at cost

Investments in unlisted shares in other entities

Note	Consolidated		The Company	
	2006	2005	2006	2005
31	-	-	24,801	22,476
	177	20	-	-
	177	20	24,801	22,476

17. CURRENT TAX ASSETS AND LIABILITIES

The current tax liability for the consolidated entity of \$8,348,000 (2005: \$6,081,000) and for the Company of \$4,155,000 (2005: \$2,645,000) represent the amount of income taxes payable in respect of current and prior periods.

In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax liability initially recognised by the members in the tax-consolidated group.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

18. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated <i>In thousands of AUD</i>	Assets		Liabilities		Net	
	2006	2005	2006	2005	2006	2005
Property, plant and equipment	2,159	2,672	1,157	1,650	1,002	1,022
Land and buildings	-	-	1,006	961	(1,006)	(961)
Intangible assets	-	-	815	837	(815)	(837)
Unrealised FX losses	729	51	-	-	729	51
Provisions and other payables	6,180	5,767	-	-	6,180	5,767
Undeducted equity raising costs	317	-	-	-	317	-
Inventories	-	-	436	371	(436)	(371)
Other items	63	88	168	235	(105)	(147)
Tax value of loss carry-forwards recognised	659	574	-	-	659	574
Tax (assets) / liabilities	10,107	9,152	3,582	4,054	6,525	5,098
Set off of tax	(2,528)	(3,241)	(2,528)	(3,241)	-	-
Net tax (assets) / liabilities	7,579	5,911	1,054	813	6,525	5,098
The Company <i>In thousands of AUD</i>						
Property, plant and equipment	1,420	2,010	-	766	1,420	1,244
Land and buildings	-	-	563	537	(563)	(537)
Intangible assets	-	-	560	535	(560)	(535)
Unrealised FX losses	777	258	-	-	777	258
Provisions and other payables	2,144	1,830	-	-	2,144	1,830
Undeducted equity raising costs	317	-	-	-	317	-
Inventories	-	-	-	-	-	-
Other items	63	87	127	141	(64)	(54)
Tax value of loss carry-forwards recognised	659	29	-	-	659	29
Tax (assets) / liabilities	5,380	4,214	1,250	1,979	4,130	2,235
Set off of tax	(1,250)	(1,979)	(1,250)	(1,979)	-	-
Net tax (assets) / liabilities	4,130	2,235	-	-	4,130	2,235

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Tax losses	555	692	-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

19. PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Freehold land and buildings:				
At cost	41,327	37,076	25,085	25,066
Accumulated depreciation	(5,434)	(3,468)	(2,391)	(1,933)
	35,893	33,608	22,694	23,133
Plant and equipment:				
At cost	149,217	104,965	19,748	19,301
Accumulated depreciation	(91,049)	(62,482)	(9,548)	(9,754)
	58,168	42,483	10,200	9,547
At recoverable amount	-	1,210	-	1,210
	58,168	43,693	10,200	10,757
Leasehold improvements:				
At cost	22,952	8,754	294	103
Accumulated depreciation	(10,269)	(4,351)	(13)	(34)
	12,682	4,403	281	69
Leased plant and equipment:				
At capitalised cost	21,763	3,773	129	129
Accumulated depreciation	(11,796)	(1,433)	(58)	(31)
	9,967	2,340	71	98
Product dispensers				
At capitalised cost	7,058	6,555	6,592	6,314
Accumulated depreciation	(4,396)	(4,348)	(4,096)	(4,311)
	2,662	2,207	2,496	2,003
Capital works in progress:	5,989	3,062	634	1,234
	125,361	89,313	36,376	37,294
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
<i>In thousands of AUD</i>				
Freehold land and buildings:				
Carrying amount at the beginning of the year	33,608	34,184	23,133	23,598
Additions	1,362	203	22	-
Additions through entities acquired	1,210	-	-	-
Transfer from capital works in progress	-	99	-	-
Disposal	-	(192)	-	-
Depreciation	(772)	(725)	(461)	(465)
Effect of movement in foreign exchange	485	39	-	-
Carrying amount at end of year	35,893	33,608	22,694	23,133

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

19. PROPERTY, PLANT AND EQUIPMENT *continued*

Reconciliations *continued*

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Plant and equipment:				
Carrying amount at the beginning of the year	43,693	41,595	10,757	18,726
Additions	15,961	13,985	1,765	1,259
Additions through entities acquired	8,956	3,672	-	-
Transfer from capital works in progress	2,214	681	991	118
Transfer from leased plant and equipment	162	194	-	-
Recoverable amount written-down	-	(6,702)	-	(6,702)
Disposal	(3,000)	(883)	(1,521)	(50)
Depreciation	(11,248)	(9,767)	(1,792)	(2,594)
Effect of movement in foreign exchange	1,430	918	-	-
Carrying amount at end of year	58,168	43,693	10,200	10,757
Leasehold improvements:				
Carrying amount at the beginning of the year	4,403	2,920	69	80
Additions	4,308	2,194	293	-
Additions through entities acquired	5,109	-	-	-
Transfer from capital works in progress	171	136	-	-
Disposal	(186)	(41)	(64)	-
Depreciation	(1,332)	(843)	(17)	(11)
Effect of movement in foreign exchange	209	37	-	-
Carrying amount at end of year	12,682	4,403	281	69
Leased plant and equipment:				
Carrying amount at the beginning of the year	2,340	2,411	98	125
Additions	1,081	932	-	-
Additions through entities acquired	8,136	-	-	-
Transfer from capital works in progress	-	-	-	-
Transfer to plant and equipment	(162)	(194)	-	-
Disposal	(195)	(69)	-	-
Depreciation	(1,215)	(740)	(27)	(27)
Effect of movement in foreign exchange	(18)	-	-	-
Carrying amount at end of year	9,967	2,340	71	98
Product dispensers:				
Carrying amount at the beginning of the year	2,207	2,227	2,003	2,167
Additions	1,730	1,392	1,702	1,051
Depreciation	(1,275)	(1,412)	(1,209)	(1,215)
Effect of movement in foreign exchange	-	-	-	-
Carrying amount at end of year	2,662	2,207	2,496	2,003
Capital works in progress:				
Carrying amount at the beginning of the year	3,062	3,444	1,234	152
Additions	2,945	499	391	1,200
Additions through entities acquired	2,133	-	-	-
Transfer to plant and equipment	(2,385)	(916)	(991)	(118)
Effect of movement in foreign exchange	234	35	-	-
Carrying amount at end of year	5,989	3,062	634	1,234

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

20. INTANGIBLE ASSETS

<i>In thousands of AUD</i>	Consolidated				The Company			
	Goodwill	Purchased trademarks and brandnames	Software	Total	Goodwill	Purchased trademarks and brandnames	Software	Total
Cost								
Balance at 1 April 2004	49,734	13,704	1,393	64,831	6,844	11,630	129	18,603
Acquisitions through business combinations	21,125	-	161	21,286	185	-	-	185
Additions	-	-	814	814	-	-	-	-
Write down to recoverable amount	(6,112)	(3,433)	-	(9,545)	(273)	(2,226)	-	(2,499)
Disposal of branded consumer products business	(3,753)	(6,500)	-	(10,253)	(2,933)	(6,500)	-	(9,433)
Amortisation	-	-	(512)	(512)	-	-	(92)	(92)
Effect of movements in foreign exchange	478	47	21	546	-	-	-	-
Balance at 31 March 2005	61,472	3,818	1,877	67,167	3,823	2,904	37	6,764
Balance at 1 April 2005	61,472	3,818	1,877	67,167	3,823	2,904	37	6,764
Acquisitions through business combinations	68,034	-	-	68,034	-	-	-	-
Additions	-	-	502	502	-	-	-	-
Write down to recoverable amount	(166)	-	-	(166)	-	-	-	-
Amortisation	-	-	(670)	(670)	-	-	(20)	(20)
Effect of movements in foreign exchange	1,020	(63)	155	1,112	-	-	-	-
Balance at 31 March 2006	130,360	3,755	1,864	135,979	3,823	2,904	17	6,744

Impairment tests for cash generating units containing goodwill

The following units have significant carrying amounts of goodwill:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
ALS Laboratory Group	75,393	15,367	-	-
Campbell Chemicals	5,088	5,275	3,823	3,823
Reward Distribution	18,275	13,298	-	-
Campbell Brothers Services	31,604	27,532	-	-
	130,360	61,472	3,823	3,823

The recoverable amounts of goodwill in all cash-generating units exceed carrying amounts and are based on value in use calculations. Those calculations use cash flow projections based on actual operating results and the budget for the 2007 financial year. Cash flows for a further 19 year period are extrapolated using a growth rate of 2.5 per cent per annum. This growth rate is a conservative estimate of the long-term average growth rates achievable in the industries in which the consolidated entity participates. A pre-tax discount rate of 10.3 per cent has been used in discounting the projected cash flows.

Impairment tests for purchased trademarks and brandnames

The recoverable amounts of purchased trademarks and brandnames exceed their carrying amounts and are based on "relief from royalty" methodology, representing value in use calculations. "Relief from royalty" cash flows are extrapolated for a 20 year period using a growth rate of 2.5 per cent per annum. A pre-tax discount rate of 10.3 per cent has been used in discounting the projected cash flows. No amortisation is provided against the carrying amounts of purchased trademarks and brandnames on the basis that these assets are considered to have indefinite useful lives.

Software

Software assets are considered to have finite useful lives and are amortised in line with their assessed useful lives.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

21. TRADE AND OTHER PAYABLES

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Trade payables		31,434	23,599	7,414	9,743
Other trade payables and accrued expenses		28,785	22,153	6,501	8,395
Trade payables due to controlled entities	35	-	-	153	128
		60,219	45,752	14,068	18,266

22. INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the consolidated entity's interest-bearing loans and borrowings. For more information about the consolidated entity's exposure to interest rate and foreign currency risk, see note 26.

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Current liabilities				
Secured bank loans	1,163	687	-	-
Finance lease liabilities	3,141	703	26	22
	4,304	1,390	26	22
Non-current liabilities				
Secured bank loans	109,222	80,437	9,108	65,107
Finance lease liabilities	5,748	2,067	47	75
Loans to controlled entities	-	-	19,312	8,512
	114,970	82,504	28,467	73,694

Bank loans

Bank loans are denominated in Canadian dollars, Czech koruna and Australian dollars. 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 January 2011 and are subject to annual review. The weighted average interest rate for all bank loans at balance date is 4.7% (2005: 5.7%).

Finance lease liabilities

Included as lease liabilities are the present values of future rentals for leased assets capitalised:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Current	3,141	703	26	22
Non-current	5,748	2,067	47	75
	8,889	2,770	73	97
Lease commitments in respect of capitalised finance leases are payable:				
Within one year	3,537	1,286	31	31
Later than one year but not later than five years	6,377	1,872	49	80
	9,914	3,158	80	111
Future finance charges	(1,025)	(388)	(7)	(14)
Total lease liability	8,889	2,770	73	97

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. Lease liabilities are secured by the leased assets as in the event of default the assets revert to the lessor.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

22. INTEREST-BEARING LOANS AND BORROWINGS *continued*

Financing 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, Campbell Brothers Services Pty Ltd, CBS Pest Control Pty Ltd, Pofade Pty Ltd, Sinvil Pty Ltd, CBS 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 2006 are consolidated \$31,679,000 (2005: \$30,908,000) and the Company \$22,694,000 (2005: \$23,133,000).

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:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Multi-option facilities	127,815	131,188	16,524	101,028
Standby letter of credit	4,434	10,165	45,000	30,500
	132,249	141,353	61,524	131,528
Facilities utilised at reporting date				
Multi-option facilities	112,420	85,042	9,108	66,024
Standby letter of credit	-	-	* 41,057	* 20,336
	112,240	85,042	50,165	86,360
Facilities not utilised at reporting date				
Multi-option facilities	15,395	46,146	7,416	35,003
Standby letter of credit	4,434	10,165	3,943	10,165
	19,829	56,311	11,359	45,168

* These standby letters of credit from the Company's bank secure debt facilities of controlled entities in Canada and Singapore.

Multi-option

The multi-option facilities are committed facilities and are able to be drawn in the form of bank overdrafts, loans or bank accepted commercial bills. They are subject to annual review.

Standby letter of credit

The standby letter of credit facilities are committed facilities and are used to secure debt facilities of foreign controlled entities. They are subject to annual review.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

23. CAPITAL AND RESERVES

Reconciliation of movement in capital

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Issued and paid up share capital				
50,988,101 ordinary shares fully paid (2005: 41,264,873)	197,923	112,185	197,923	112,185
Movements in ordinary share capital				
Balance at beginning of year	112,185	104,327	112,185	104,327
Share issues:				
440,858 shares (2005: 584,641) under Dividend Reinvestment Plan (1)	4,095	4,260	4,095	4,260
265,000 shares (2005: 20,000) from exercise of options (2)	1,397	104	1,397	104
8,356,439 shares (2005: Nil) from renounceable rights issue (3)	74,298	-	74,298	-
660,931 shares (2005: Nil) from share placement (4)	5,948	-	5,948	-
Nil shares (2005: 609,900) under Employee Share Plan	-	3,494	-	3,494
Balance at end of year	197,923	112,185	197,923	112,185

(1) Issued pursuant to the Company's Dividend Reinvestment Plan:

1 July 2005 – 247,419 shares at \$8.82

20 December 2005 – 193,439 shares at \$9.89

(2) Issued pursuant to the exercise of options granted under the Executive Share Option Plan:

6 April 2005, 20,000 at \$5.18

2 May 2005, 30,000 at \$5.18

3 August 2005, 75,000 at \$5.50

25 November 2005, 70,000 at \$5.18

29 November 2005, 20,000 at \$5.18

30 November 2005, 50,000 at \$5.18

(3) Issued 5 January 2006 pursuant to 1 for 5 renounceable rights issue at \$9.00

(4) Issued 5 January 2006 pursuant to share placement at \$9.00

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

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. An external third party is trustee of the Share Plan.

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

23. CAPITAL AND RESERVES *continued*

Employee Share Plan *continued*

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. Nil shares were issued under the Share Plan during the financial year (2005: 609,900). The market price of shares issued under the Share Plan as at 31 March 2006 was \$14.80 (2005: \$9.41).

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

	2006 No.	2005 No.
Number of shares at beginning of year	899,100	434,050
Number of shares issued to employees	-	609,900
Number of shares distributed to employees	(245,700)	(144,850)
Number of shares at end of year	653,400	899,100

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		The Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Current receivables - Other debtors	2,794,848	4,078,856	2,794,848	4,078,856

Executive Share Option Plan

The consolidated entity's Executive Share Option Plan was terminated by the Board during the year ended 31 March 2006. No options over unissued ordinary shares were granted by the Company during the financial year. All options previously held by executives were exercised during the year. The weighted average market price of the Company's shares at the dates of exercise was \$10.18.

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

	Consolidated		The Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Issued ordinary share capital	1,396,700	103,600	1,396,700	103,600

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

23. CAPITAL AND RESERVES *continued*

Executive Share Option Plan *continued*

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 - 2006													
17 Jul '01	17 Jul '05	17 Jul '06	\$5.50	75,000	-	-	75,000	-	-	412,500	3 Aug '05	75,000	726,750
											Between		
13 Nov '01	13 Nov '05	13 Nov '06	\$5.18	190,000	-	-	190,000	-	-	984,250	6 Apr '05		
											& Nov '05	190,000	1,970,300
				265,000				-	-				
Consolidated and Company - 2005													
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	-	-	20,000	190,000	-	103,600	6 Dec '04	20,000	194,000
				285,000				265,000	-				

In thousands of AUD

Reserves

Foreign currency translation

Hedging

Consolidated		The Company	
2006	2005	2006	2005
2,893	(421)	-	-
505	-	505	-
3,398	(421)	505	-

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Reconciliations of movements in reserves

In thousands of AUD

Foreign currency translation reserve:

Balance at beginning of year

Foreign exchange translation differences

Loss on hedge of net investment in foreign subsidiary

Balance at end of year

Hedging:

Balance at beginning of year

Net gain on cash flow hedges taken to equity

Balance at end of year

Consolidated		The Company	
2006	2005	2006	2005
(421)	-	-	-
4,011	(133)	-	-
(697)	(288)	-	-
2,893	(421)	-	-
-	-	-	-
505	-	505	-
505	-	505	-

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

23. CAPITAL AND RESERVES *continued*

Dividends

Fully franked dividends recognised in the current year by the Company are:

<i>In thousands of AUD</i>	Cents per share	Total amount	Date of payment
2006			
Interim 2006 ordinary	21	8,773	20 December 2005
Final 2005 ordinary	24	9,916	1 July 2005
Total amount		18,689	
2005			
Interim 2005 ordinary	18	7,381	20 December 2004
Final 2004 ordinary	19	7,610	1 July 2004
Total amount		14,991	
Fully franked dividend declared after the end of the financial year:			
Final 2006 ordinary	29	14,787	3 July 2006

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2006 and will be recognised in subsequent financial reports.

All dividends paid or declared since the end of the previous financial year were fully franked at the rate of 30%.

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Dividend franking account				
30% franking credits				
available to shareholders of Campbell Brothers				
Limited for subsequent financial years	5,053	5,215	4,613	4,860

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 liabilities;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- (d) franking credits that the entity may be prevented from distributing in subsequent years.

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

The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$6,337,000 (2005: \$4,250,000).

24. MINORITY INTERESTS

<i>In thousands of AUD</i>	Consolidated	
	2006	2005
Minority interests in controlled entities comprise:		
Interests in retained profits held by minority interests at the beginning of the year	(355)	(231)
Interests in profit for the period	50	418
Interests in dividends paid	(75)	(73)
Acquisition of minority interests	-	(469)
Change in ownership interest	(227)	-
Interests in retained profits at the end of the year	(607)	(355)
Interests in contributed equity	2,219	2,252
Interests in reserves	69	74
	1,681	1,971

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

25. TOTAL EQUITY RECONCILIATION

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Total equity at beginning of year		151,231	123,465	135,177	107,362
Total recognised income and expense attributable to equity holders of the parent		38,662	33,923	17,591	34,948
Transactions with owners as owners:					
Contributions of equity	23	85,738	7,858	85,738	7,858
Dividends	23	(18,689)	(14,991)	(18,689)	(14,991)
Total changes in minority interests	24	(290)	976	-	-
Total equity at end of year		256,652	151,231	219,817	135,177

26. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the consolidated entity's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The consolidated entity does not require collateral in respect of financial assets.

Counterparties to transactions involving derivative financial instruments are large Australian and international banks which have excellent credit ratings and with whom the consolidated entity has a signed netting agreement. Management does not expect any counterparty to fail to meet its obligations.

At balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

Hedging

The consolidated entity enters into interest rate derivative contracts (swaps and options) to manage cash flow risks associated with floating interest rates on borrowings. The appropriate mix of fixed and floating rate exposures is governed by the consolidated entity's policy, which stipulates a broad correlation between debt gearing ratios and interest rate hedging levels. The maturity and notional principal amounts of interest rate derivatives are shown in the following table.

Interest rate contracts classified as cash flow hedges are stated at fair value and recognised as fair value derivatives in the balance sheet – refer Note 12. Movements in fair values from period to period are recognised directly in equity – refer Note 23.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance date and the periods in which they reprice.

Consolidated		2006				
<i>In thousands of AUD</i>		Fixed interest repricing in:				
		Floating interest rate	1 year or less	1 to 5 years	Non-interest bearing	Total
						Weighted average effective interest rate *
Financial assets						
Cash and cash equivalents		35,629	-	-	-	35,629
		35,629	-	-	-	35,629
Financial liabilities						
Bank overdrafts and loans		112,420	-	-	-	112,420
Finance lease liabilities		-	3,141	5,748	-	8,889
		112,420	3,141	5,748	-	121,309
Effect of interest rate contracts (notional principal amounts)		(73,813)	-	73,813		

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

26. FINANCIAL INSTRUMENTS *continued*

Effective interest rates and repricing analysis *continued*

Consolidated

2005

In thousands of AUD

	Fixed interest repricing in :				Total	Weighted average effective interest rate *
	Floating interest rate	1 year or less	1 to 5 years	Non-interest bearing		
Financial assets						
Cash and cash equivalents	14,641	-	-	-	14,641	0.8%
	14,641	-	-	-	14,641	
Financial liabilities						
Bank overdrafts and loans	85,042	-	-	-	85,042	5.7%
Finance lease liabilities	-	703	2,067	-	2,770	7.7%
	85,042	703	2,067	-	87,812	
Effect of interest rate contracts (notional principal amounts)	(29,634)	-	29,634			

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

Foreign currency risk

Forecast transactions

The consolidated entity enters into forward foreign exchange contracts in line with its policy to hedge a proportion of certain forecast sales and purchase commitments denominated in foreign currencies (principally US dollars and Euros). The terms of these commitments are generally less than three months. The amount of forecast sales and purchases is estimated based on current conditions in foreign markets, customer orders, commitments to suppliers and experience.

The consolidated entity classifies its forward foreign exchange contracts hedging forecast transactions as cash flow hedges. They are stated at fair value and recognised as fair value derivatives in the balance sheet. Movements in fair values from period to period are recognised directly in equity. No forward exchange contracts were outstanding as at balance date (2005: Nil) as anticipated transactions at 31 March 2006 were "naturally hedged" by foreign currency cash balances.

Hedge of net investment in foreign subsidiary

The consolidated entity borrows funds in foreign currencies to hedge its investments in foreign controlled entities. The Company's Canadian dollar denominated secured bank loan is designated as a hedge of the consolidated entity's investment in its subsidiary in Canada. The carrying amount of the loan at 31 March 2006 was \$9,024,000 (2005: \$8,028,000) which includes the impact of changes in interest rates. A foreign exchange loss of \$996,000 (2005: loss of \$412,000) was recognised in equity on translation of the loan to AUD.

Monetary assets and liabilities

In respect of other monetary assets and liabilities held in currencies other than the AUD, the consolidated entity ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Net fair values of financial assets and liabilities

The consolidated entity's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Derivatives

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. Interest rate contracts are marked to market using listed market prices.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

26. FINANCIAL INSTRUMENTS *continued*

Net fair values of financial assets and liabilities *continued*

Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Finance leases

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogenous lease agreements. The estimated fair value reflects changes in interest rates.

27. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Less than one year	6,763	2,779	346	296
Between one and five years	13,407	5,389	329	226
More than five years	10,848	407	-	-
	31,018	8,575	675	522

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. During the year ended 31 March 2006, \$4,723,000 was recognised as an expense in the consolidated income statement in respect of operating leases (2005: \$4,023,000).

Lease commitments in respect of finance leases are disclosed in Note 22.

28. CAPITAL COMMITMENTS

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Capital expenditure commitments				
Plant and equipment contracted but not provided for and payable within one year	3,273	1,530	226	903
	3,273	1,530	226	903

29. CONTINGENCIES

The directors are of the opinion that provisions are not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

<i>In thousands of AUD</i>	Consolidated		The Company	
	2006	2005	2006	2005
Guarantees				
(i) Under the terms of a Deed of Cross Guarantee, described in Note 30, the Company has guaranteed the repayment of all current and future creditors in the event any of the entities party to the Deed are wound up. No deficiency in net assets exists in these companies at reporting date:	-	-	-	-
(ii) The Company has guaranteed the bank facilities of certain controlled entities:	-	-	194	271
(iii) The Company has guaranteed bank facilities of certain associates:	385	2,975	385	2,975

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

29. CONTINGENCIES *continued*

In thousands of AUD

Purchases of controlled entities

During the previous financial year, the consolidated entity entered into an agreement to purchase Swedish Geochem Services AB. Pursuant to the purchase agreement additional purchase consideration may be payable if certain performance hurdles are achieved over the next two years. The SEK equivalent of \$51,000 was paid under this arrangement during the year ended 31 March 2006:

During the year, the consolidated entity entered into an agreement to purchase the QCC Hospitality Solutions business. Pursuant to the purchase agreement additional purchase consideration may be payable if certain performance hurdles are achieved over the next year. No amount was paid in respect of this arrangement during the year ended 31 March 2006:

Consolidated		The Company	
2006	2005	2006	2005
756	824	-	-
200	-	-	-

30. DEED OF CROSS GUARANTEE

Pursuant to an ASIC Individual Order dated 22 March 2005, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' report.

It is a condition of the Individual Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Australian Laboratory Services Pty Ltd
- Bushland Products Pty Ltd
- Reward Supply Co. Pty Ltd
- Albert Crocker & Son Pty Ltd
- Campbell Brothers Services Pty Ltd
- CBS Pest Holdings Pty Ltd
- CBS Pest Control Pty Ltd

A consolidated income statement and consolidated balance sheet, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 March 2006 is set out below.

Summarised income statement and retained profits

In thousands of AUD

Profit before tax

Income tax expense

Profit after tax

Retained profits at beginning of year

Dividends recognised during the year

Retained profits at end of year

Consolidated	
2006	2005
30,360	27,958
(6,930)	(3,728)
23,430	24,230
18,161	8,922
(20,469)	(14,991)
21,122	18,161

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

30. DEED OF CROSS GUARANTEE *continued*

Balance Sheet

In thousands of AUD

Assets

Cash and cash equivalents

Trade and other receivables

Inventories

Financial assets

Total current assets

Receivables

Financial assets

Investments accounted for using the equity method

Deferred tax assets

Property, plant and equipment

Intangible assets

Total non-current assets

Total assets

Liabilities

Trade and other payables

Interest-bearing loans and borrowings

Income tax payable

Provisions

Total current liabilities

Interest-bearing loans and borrowings

Deferred tax liabilities

Provisions

Other financial liabilities

Total non-current liabilities

Total liabilities

Net assets

Equity

Issued capital

Reserves

Retained earnings

Total equity

Consolidated	
2006	2005
14,134	2,265
50,352	49,777
35,806	28,033
1,575	2,058
101,867	82,133
28,203	22,873
31,076	28,664
2,359	1,881
6,436	6,967
65,956	62,750
53,561	46,036
187,591	169,171
289,458	251,304
34,080	31,130
1,197	2,072
4,146	2,729
7,456	6,674
46,879	42,605
21,081	74,527
(257)	2,439
2,028	1,373
177	14
23,029	78,353
69,908	120,958
219,550	130,346
197,923	112,185
505	-
21,122	18,161
219,550	130,346

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

31. CONSOLIDATED ENTITIES

	<i>Footnote</i>	Ownership interest	
		Country of Incorporation	
		2006	2005
Parent entity			
Campbell Brothers Limited		Aust	
Subsidiaries			
Australian Laboratory Services Pty Ltd		Aust	100
ALS Analytical Testing (Shanghai) Co. Ltd	4	China	100
ALS Bolivia Ltda	4	Bolivia	100
ALS Brasil Ltda	4	Brazil	100
ALS Canada Ltd		Canada	100
ALSMX, S.A. de C.V.	4	Mexico	100
ALS-Indequim, S.A. de C.V.	3,4	Mexico	70
ALS (Barbados) Ltd	4	Barbados	100
ETL Chemspec Analytical Ltd	1	Canada	100
ETL Labs, Inc	1	USA	100
Enviro-Test Laboratories, LLC	1	USA	100
Manitoba Technology Centre Ltd	1	Canada	100
ALS Chemex de Mexico S.A. de C.V.	4	Mexico	100
ALS Chemex South Africa (Proprietary) Ltd		South Africa	100
ALS Colombia Ltda	2	Colombia	100
ALS Czech Republic s.r.o	2,4	Czech Republic	100
Ecochem a.s.	1,4	Czech Republic	100
ALS Geolab SRL	4	Argentina	100
ALS Ghana Limited	2	Ghana	100
ALS Patagonia S.A.	4	Chile	100
ALS Peru S.A.	4	Peru	100
ALS Sweden AB		Sweden	100
ALS Taiwan Co. Ltd	4	Taiwan	51
ALS Technichem (HK) Pty Ltd		Hong Kong	100
ALS Technichem (Singapore) Pte Ltd		Singapore	100
ALS Testing Services (Thailand) Co. Ltd		Thailand	100
ASL International Ltd	4	Barbados	100
Bushland Products Pty Ltd		Aust	100
Campbell Brothers Services Pty Ltd		Aust	100
CBS Dry Cleaning Pty Ltd		Aust	100
CBS Pest Holdings Pty Ltd		Aust	100
CBS Pest Control Pty Ltd		Aust	100
CB Services Holdings Pty Ltd		Aust	100
CB Services Management Pty Ltd		Aust	100
CBS Hygiene Services Pty Ltd		Aust	100
CBS Telemarketing Pty Ltd		Aust	100
Pofade Pty Ltd		Aust	100
Grace Carpet Cleaning Pty Ltd		Aust	100
Sinvil Pty Ltd		Aust	100
Copes Pest Control Pty Ltd		Aust	100
Myer Home Services Pty Ltd atf RGM Unit Trust No 2		Aust	100
Campbell Brothers Trading Pty Ltd		Aust	100
Carpi Ltd		PNG	100
Panamex Pacific (PNG) Ltd		PNG	100
CBL Campbell Brothers NZ Ltd		NZ	100

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

31. CONSOLIDATED ENTITIES *continued*

	<i>Footnote</i>	Ownership interest	
		Country of Incorporation	
		2006	2005
CBL Campbell Brothers USA, Inc		USA	100
ALS USA, Inc		USA	100
Panamex Pacific, Inc		USA	100
Panamex Pacific, Inc		American Samoa	100
Panamex Pacific Ltd		NZ	100
Proclean Ltd		NZ	100
Reward Supply Co. Pty Ltd		Aust	100
Albert Crocker & Son Pty Ltd		Aust	100
Parker Sales & Service Pty Ltd		Aust	51
Reward Supply Co. (N.Q.) Pty Ltd		Aust	80
Currey Pty Ltd		Aust	100
Currey (N.Q.) Pty Ltd		Aust	100
Whitsunday Catering Supplies Pty Ltd		Aust	100
Reward Supply Co. (N.T.) Pty Ltd		Aust	51
Strategic Retail Performance Pty Ltd		Aust	100

Footnotes

1. Controlled entities acquired during the year.
2. Controlled entities incorporated during the year.
3. During the year, the Mexican entity Sistemas Ecologicos Indequim, S.A. de C.V. was merged into ALS-Indequim, S.A. de C.V.
4. Controlled entities with a financial year end of 31 December, which differs from the Company's year end of 31 March.
5. During the year, a controlled entity sold down its interest in PT. ALS Indonesia from 65% to 20% to associated entity, ALS Technichem (Malaysia) Sdn Bhd.
6. During the year Orion Export Ltd (NZ) (67% interest) was voluntarily deregistered.
7. During the year Orion Export SARL (Wallis Is.) (51% interest) was voluntary liquidated.
8. During the year Campbell Cleantec (Asia) Pte Ltd (Singapore) (100% interest) was voluntarily deregistered. There was no profit or loss on the voluntary deregistration.

Refer to Note 3 for details of segment profit from ordinary activities and Note 33 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.

32. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITES

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Cash flows from operating activities					
Profit for the period		34,893	34,762	17,086	34,948
Adjustments for:					
Amortisation and depreciation	19	16,512	13,999	3,525	4,404
Finance charges on capitalised leases		235	216	8	15
Foreign exchange losses		-	-	1,468	(1,368)
(Profit)/loss on sale of property plant and equipment		(614)	193	(784)	13
Gain on sale of branded consumer products business	6	-	(35,248)	-	(34,067)
Costs incurred in the sale of branded consumer products business	6	-	5,094	-	4,969
Write-down to recoverable amount plant and equipment and purchased trademarks and brandnames retained by consumer division	6	-	9,539	-	8,936
Write-down to recoverable amount consumer division investment in retail brokerage services business	6	-	6,158	-	98

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

32. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES *continued*

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
Adjustment to fair value of other purchased trademarks and brandnames	6	-	1,332	-	1,203
Write-down to recoverable amount goodwill in consumer division	6	-	5,839	-	-
Write off loan to controlled entity		-	-	(4,848)	-
Share of associates net profit		(762)	(45)	-	-
Non-cash expenses	3	2,077	1,835	115	604
Operating profit before changes in working capital and provisions		52,341	43,674	16,570	19,755
(Increase)/decrease in amounts owing by controlled entities		-	-	2,554	(3,509)
(Increase)/decrease in trade and other receivables		1,196	(12,903)	5,183	1,261
(Increase)/decrease in inventories		(6,883)	(7,081)	(2,721)	(4,357)
(Decrease)/increase in trade and other payables		1,780	8,610	(4,224)	985
(Decrease)/increase in taxation provisions		(1,919)	(867)	1,843	(2,413)
Net cash from operating activities		46,515	31,433	19,205	11,722

33. ACQUISITIONS OF SUBSIDIARIES

<i>In thousands of AUD</i>	Date acquired	Consideration
Ecochem a.s.	January 2006	17,736
ETL Chemspec Analytical Ltd	January 2006	57,994
Businesses acquired during the year (a)	May-January 2006	16,061
		91,791

(a) Businesses acquired have been absorbed into controlled entities

In the periods to 31 March 2006 the acquired entities contributed a net loss of \$28,000 to the consolidated net profit for the year. If the acquisitions had occurred on 1 April 2005, consolidated entity revenue would have been \$608,763,000 and net profit would have been \$41,668,000.

Acquirees' net assets at acquisition dates

<i>In thousands of AUD</i>	Recognised values
Property, plant and equipment	25,544
Intangible assets	585
Inventories	5,550
Trade and other receivables	19,935
Cash and cash equivalents	4,049
Interest-bearing loans and borrowings	(15,762)
Trade and other payables	(15,559)
Net identifiable assets and liabilities	24,342
Goodwill on acquisition	67,449
Consideration paid, satisfied in cash	91,791
Consideration payable in future years	(1,600)
Cash (acquired)	(4,049)
Net cash outflow	86,142

The amounts recognised at acquisition dates for each class of acquirees' assets and liabilities were the same as the carrying amounts of those items in the accounts of the acquired entities immediately before acquisition.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

34. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

G J McGrath (Chairman)
A J Love
N Withnall
M D Kriewaldt
R G Hill
B R Brown (i) (iii)

Executives

A Austin (Company Secretary / Group Finance Manager)
N Thompson (General Manager, Reward Distribution Group)
P Davis (General Manager, Campbell Consumer Products)
R Murphy (CEO, Campbell Brothers Services)
D Brown (General Manager, Chemical Division)
H Blok (Executive Vice President, ALS Laboratory Group)
D Tregurtha (former General Manager, Chemical Division) (iv)

Executive director

G F Kilmister (Managing Director and CEO) (ii)

- (i) BR Brown retired as Managing Director and Chief Executive Officer of the Company effective 31 August 2005.
- (ii) G F Kilmister was appointed to the position of Managing Director and Chief Executive Officer of the Company effective 1 September 2005.
- (iii) B R Brown was appointed to the board as a non-executive director effective from 1 October 2005.
- (iv) D Tregurtha ceased employment with the company on 31 March 2005.

The key management personnel compensation included in employee expenses are as follows:

In AUD	Consolidated		The Company	
	2006	2005	2006	2005
Short term employee benefits	3,019,808	3,299,084	2,274,979	2,641,683
Post-employment benefits	393,445	678,113	393,445	678,113
Termination benefits	397,793	196,551	397,793	196,551
Other long term benefits	4,544	19,904	4,074	17,208
Share-based payments	24,667	55,250	21,246	49,750
	3,840,257	4,248,902	3,091,537	3,583,305

Information regarding individual directors and executives is provided in the Remuneration Report section of the Directors' Report on page 32.

Loans to key management personnel and their related parties (consolidated)

Details regarding loans outstanding at the reporting date to key management personnel and their related parties, where the individual's aggregate loan balance exceeded \$100,000 at any time in the reporting period, are as follows:

In AUD	Balance 1 April 2005	Balance 31 March 2006	Interest paid and payable in the reporting period	Highest balance in period
Directors				
G F Kilmister	169,671	142,994	-	169,671
B R Brown	179,156	-	-	179,156
Executives				
A Austin	130,850	76,997	-	130,850
N Thompson	108,189	91,596	-	108,189
H Blok	108,100	91,596	-	108,100
Former Executive				
D Tregurtha	125,973	-	-	125,973

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

34. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

Loans to key management personnel and their related parties (consolidated) *continued*

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the consolidated entity to key management personnel and their related parties, and the number of individuals in each group, are as follows:

<i>In AUD</i>	Opening balance	Closing balance	Interest paid and payable in the reporting period	No in group at 31 March
Total for key management personnel and their related entities:				
Directors				
2006	179,156	142,994	-	1
2005	21,906	179,156	-	1
Executives				
2006	673,308	378,184	-	6
2005	220,503	673,308	-	5

Loans made to the key management personnel are interest free (2005: 0%). These loans have been made to executives under the terms of the Company's Employee Share Plan. Refer to Note 23 for terms and conditions of loans under the Employee Share Plan. These loans are on terms and conditions no more favourable than loans available to other employees under the Plan. No amounts have been written off, or recorded as allowances, as the balances are considered fully collectible.

Equity instruments

All options refer to options over ordinary shares of Campbell Brothers Limited, which are exercisable on a one-for-one basis under the Executive Share Option Plan (ESOP). The ESOP was terminated by the Board during the year ended 31 March 2006.

Options and rights over equity instruments granted as compensation:

The movement during the reporting period in the number of options over ordinary shares in Campbell Brothers Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 April 2005	Granted as compensation	Exercised	Other changes	Held at 31 March 2006	Vested during the year	Vested and exercisable at 31 March 2006 **
Directors							
B R Brown	75,000	-	* 75,000	-	-	-	-
G F Kilmister	30,000	-	30,000	-	-	-	-
Executives							
A Austin	30,000	-	30,000	-	-	-	-
N Thompson	20,000	-	20,000	-	-	-	-
P Davis	20,000	-	20,000	-	-	-	-
H Blok	20,000	-	20,000	-	-	-	-
Former Executive							
D Tregurtha	30,000	-	30,000	-	-	-	-

* B R Brown disposed of his options to a third party between the vesting and expiry dates as permitted under the terms of the ESOP.

** There were no options vested and unexercisable at 31 March 2006.

No options were granted during the current year. No options have been granted since the end of the financial year. The options granted in previous years were provided at no cost to the recipients.

Further details, including grant dates and exercise dates regarding options granted to executives under the ESOP are in Note 23.

Exercise of options granted as compensation

During the reporting period, the following shares were issued on the exercise of options previously granted as compensation:

	Number of shares	Amount paid \$/share
Directors		
B R Brown	* 75,000	\$5.50
G F Kilmister	30,000	\$5.15

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

34. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

Equity instruments *continued*

Exercise of options granted as compensation *continued*

	Number of shares	Amount paid \$/share
Executives		
A Austin	30,000	\$5.15
N Thompson	20,000	\$5.15
P Davis	20,000	\$5.15
H Blok	20,000	\$5.15
Former Executive		
D Tregurtha	30,000	\$5.15

* B R Brown disposed of his options to a third party between the vesting and expiry dates as permitted under the terms of the Executive Share Option Plan.

There are no amounts unpaid on the shares issued as a result of the exercise of the options.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Campbell Brothers Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 April 2005	Purchases	Received on exercise of options	Sales	Held at 31 March 2006
Directors					
G J McGrath	129,200	95,755	-	-	224,955
G F Kilmister	75,000	-	30,000	-	105,000
A J Love	81,166	12,834	-	-	94,000
N Withnall	1,443	367	-	-	1,810
M D Kriewaldt	41,026	11,190	-	-	52,216
R G Hill	10,000	2,000	-	-	12,000
B R Brown	132,272	-	-	30,000	102,272
Executives					
A Austin	31,445	7,081	30,000	25,579	42,947
N Thompson	27,000	-	20,000	-	47,000
P Davis	17,500	4,000	20,000	-	41,500
D Brown	10,000	-	-	-	10,000
H Blok	22,000	-	20,000	-	42,000
Former Executive					
D Tregurtha	32,000	13,000	30,000	12,000	63,000

No shares were granted to key management personnel during the reporting period as compensation. 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 holdings of related entities which are required under the Corporations Act but not considered personally related entities under Accounting Standards.

35. NON-KEY MANAGEMENT PERSONNEL RELATED PARTY DISCLOSURES

The consolidated entity has a related party relationship with its subsidiaries (see note 31), associates (see note 15), and with its key management personnel (see note 34).

Related party transactions

Subsidiaries

Loans are made by the Company to wholly owned subsidiaries for capital purchases and to meet day to day funding requirements. Loans outstanding between the Company and its wholly owned Australian entities have no fixed date of repayment and are non-interest bearing. Where the Company has loaned funds to or received funds from other Australian non-wholly owned subsidiaries or loaned funds to or received funds from wholly owned subsidiaries incorporated outside of Australia, interest is charged at prevailing commercial rates.

Associates

The consolidated entity purchases imported glassware from associate, Australian Hospitality Imports Pty Ltd, in the normal course of business and on normal terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

36. EXPLANATION OF TRANSITION TO AIFRS

As stated in significant accounting policies note (a), these are the consolidated entity's first consolidated financial statements prepared in accordance with AIFRS.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 31 March 2006, the comparative information presented in these financial statements for the year ended 31 March 2005 and in the preparation of an opening AIFRS balance sheet at 1 April 2004 (the consolidated entity's date of transition).

In preparing its opening AIFRS balance sheet, the consolidated entity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRS has affected the consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

Reconciliation of equity		Consolidated					
		Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
<i>In thousands of AUD</i>	<i>Note</i>	1 April 2004			31 March 2005		
Assets							
Cash and cash equivalents		7,217	-	7,217	14,641	-	14,641
Trade and other receivables		66,009	-	66,009	77,631	-	77,631
Inventories		34,241	-	34,241	40,416	-	40,416
Other		4,317	-	4,317	4,841	-	4,841
Total current assets		111,784	-	111,784	137,529	-	137,529
Receivables	<i>k</i>	2,877	-	2,877	251	-	251
Investments accounted for using the equity method		3,459	-	3,459	1,881	-	1,881
Other financial assets		30	-	30	20	-	20
Property, plant and equipment	<i>a, b</i>	85,947	1,170	87,117	88,983	330	89,313
Intangible assets	<i>a, c, d</i>	73,330	(8,499)	64,831	63,445	3,722	67,167
Deferred tax assets	<i>e, k</i>	4,355	112	4,467	8,592	(2,681)	5,911
Other	<i>b</i>	2,563	(2,563)	-	2,207	(2,207)	-
Total non-current assets		172,561	(9,780)	162,781	165,379	(836)	164,543
Total assets		284,345	(9,780)	274,565	302,908	(836)	302,072
Liabilities							
Trade and other payables		33,932	-	33,932	45,752	-	45,752
Interest-bearing liabilities		3,541	-	3,541	5,308	-	5,308
Income tax payable		2,452	-	2,452	6,081	-	6,081
Provisions		8,668	-	8,668	8,709	-	8,709
Total current liabilities		48,593	-	48,593	65,850	-	65,850
Interest-bearing loans and borrowings		97,716	-	97,716	82,504	-	82,504
Other		329	-	329	301	-	301
Deferred tax liabilities	<i>f, k</i>	1,436	2,501	3,937	1,785	(972)	813
Provisions		525	-	525	1,373	-	1,373
Total non-current liabilities		100,006	2,501	102,507	85,963	(972)	84,991
Total liabilities		148,599	2,501	151,100	151,813	(972)	150,841
Net assets		135,746	(12,281)	123,465	151,095	136	151,231
Equity							
Issued capital		104,327	-	104,327	112,185	-	112,185
Reserves	<i>g, h, i</i>	(7,344)	7,344	-	(7,785)	7,364	(421)
Retained earnings		37,768	(19,625)	18,143	44,724	(7,228)	37,496
Total equity attributable to equity holders of the parent		134,751	(12,281)	122,470	149,124	136	149,260
Minority interest		995	-	995	1,971	-	1,971
Total equity		135,746	(12,281)	123,465	151,095	136	151,231

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

36. EXPLANATION OF TRANSITION TO AIFRS *continued*

Reconciliation of equity *continued*

		The Company					
<i>In thousands of AUD</i>	<i>Note</i>	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
		1 April 2004			31 March 2005		
Assets							
Cash and cash equivalents		832	-	832	2,282	-	2,282
Trade and other receivables		23,604	-	23,604	24,207	-	24,207
Inventories		16,649	-	16,649	19,569	-	19,569
Other		1,057	-	1,057	929	-	929
Total current assets		42,142	-	42,142	46,987	-	46,987
Receivables	<i>k</i>	87,340	-	87,340	115,856	2,228	118,084
Investments accounted for using the equity method		-	-	-	-	-	-
Other financial assets		22,476	-	22,476	22,476	-	22,476
Property, plant and equipment	<i>a, b</i>	42,810	2,038	44,848	35,329	1,965	37,294
Intangible assets	<i>a, c, d</i>	27,106	(8,504)	18,602	6,588	176	6,764
Deferred tax assets	<i>e, k</i>	3,384	112	3,496	6,772	(4,537)	2,235
Other	<i>b</i>	2,167	(2,167)	-	2,003	(2003)	-
Total non-current assets		185,283	(8,521)	176,762	189,024	(2,171)	186,853
Total assets		227,425	(8,521)	218,904	236,011	(2,171)	233,840
Liabilities							
Trade and other payables		14,733	-	14,733	18,266	-	18,266
Interest-bearing liabilities		22	-	22	939	-	939
Income tax payable		767	-	767	2,645	-	2,645
Provisions		3,442	-	3,442	2,003	-	2,003
Total current liabilities		18,964	-	18,964	23,853	-	23,853
Interest-bearing loans and borrowings		89,762	-	89,762	73,694	-	73,694
Other		-	-	-	-	-	-
Deferred tax liabilities	<i>f, k</i>	768	1,835	2,603	902	(902)	-
Provisions		213	-	213	1,116	-	1,116
Total non-current liabilities		90,743	1,835	92,578	75,712	(902)	74,810
Total liabilities		109,707	1,835	111,542	99,565	(902)	98,663
Net assets		117,718	(10,356)	107,362	136,446	(1,269)	135,177
Equity							
Issued capital		104,327	-	104,327	112,185	-	112,185
Reserves	<i>g, h, i</i>	2,188	(2,188)	-	2,188	(2,188)	-
Retained earnings		11,203	(8,168)	3,035	22,073	919	22,992
Total equity attributable to equity holders of the parent		117,718	(10,356)	107,362	136,446	(1,269)	135,177
Minority interest		-	-	-	-	-	-
Total equity		117,718	(10,356)	107,362	136,446	(1,269)	135,177

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 March 2006

36. EXPLANATION OF TRANSITION TO AIFRS *continued*

Reconciliation of profit for 2005

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated			The Company		
		Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
Profit from ordinary activities before income tax and amortisation of goodwill	<i>b</i>	37,094	8,049	45,143	27,367	8,215	35,582
Amortisation of goodwill	<i>c</i>	(3,614)	3,614	-	(555)	555	-
Profit before tax		33,480	11,663	45,143	26,812	8,770	35,582
Income tax expense	<i>j</i>	(11,115)	734	(10,381)	(951)	317	(634)
Profit for the period		22,365	12,397	34,762	25,861	9,087	34,948
Attributable to:							
Equity holders of the parent		22,783	12,397	35,180	25,861	9,087	34,948
Minority interest		(418)	-	(418)	-	-	-
Profit for the period		22,365	12,397	34,762	25,861	9,087	34,948

Notes to the reconciliation of equity

- Under AIFRS capitalised computer software that is not an integral part of related hardware is treated as an intangible asset. Under AGAAP it was included in property, plant and equipment. An adjustment has been made to increase intangible assets and reduce property, plant and equipment.
- Under AIFRS product dispensers which were previously classified as deferred expenditure have been recognised as a class of property, plant and equipment. The resulting adjustment has decreased other non-current assets and increased property, plant and equipment.
- Under AIFRS goodwill is no longer amortised, but is subject to annual impairment testing. The adjustment lowers amortisation expense and increases profit. The adjustment also increased the net book value of intangible assets.
- Purchased trademarks and brandnames have been valued at fair value under AGAAP. In accordance with AIFRS, purchased trademarks and brandnames must be restated to original cost at transition date. Impairment testing is also required at 1 April 2004 with impairment losses taken to retained earnings. Further impairment adjustments incurred under the AIFRS standard were charged to the income statement in subsequent periods.
- Initial recognition of deductible temporary difference attributable to un-recouped depreciation costs on fixed assets.
- In accordance with AIFRS the consolidated entity has recognised assessable temporary differences in respect of buildings, intangible assets excluding goodwill and investments in entities accounted for using the equity method.
- At 1 April 2004 an amount of \$0.364 million of capital profits reserve has been reclassified to retained earnings.
- At 1 April 2004 an amount of \$2.671 million of general reserve has been reclassified to retained earnings.
- AIFRS provides that cumulative translation differences that arose prior to the date of transition to AIFRS can be zeroed with the balance being transferred to retained earnings. At 1 April 2004 a debit balance of \$10.379 million of foreign currency translation reserve has been reclassified to retained earnings.
- Reversal of assessable temporary difference recognised on initial application of AIFRS in respect of buildings, intangible assets excluding goodwill and investments in entities accounted for using the equity method.
- The consolidated entity had applied UIG 52 for tax consolidation purposes under previous GAAP, resulting in the Company, as the head entity of the tax consolidated group, recognising both current and deferred tax in relation to the wholly-owned subsidiaries in the tax-consolidated group. Under AIFRS, the consolidated entity has adopted UIG 1052 which requires the subsidiaries to initially recognise both current and deferred taxes before recognising the head entity's assumption of the current tax liability (asset) and deferred tax assets from tax losses. Under AIFRS the subsidiaries are now required to recognise deferred tax assets relating to temporary differences, other than for tax losses.

DIRECTORS' DECLARATION

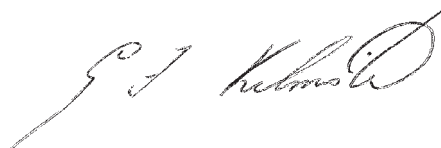
- 1 In the opinion of the directors of Campbell Brothers Limited ("the Company"):
 - (a) the financial statements and notes, numbered 1 to 36, including the remuneration disclosures marked "audited" contained in section 7 of the Remuneration report in the Directors' report, are in accordance with the 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 2006 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 Australian Accounting Standards and the Corporations Regulations 2001;
 - (b) the remuneration disclosures that are marked "audited" and contained in section 7 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and ASIC Class Order 06/105 *Calculation of director and executive remuneration* / Corporations Act Regulation 2M.6.04; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 There are reasonable grounds to believe that the Company and the controlled entities identified in Note 30 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee between the Company and those entities, pursuant to the ASIC Individual Order dated 22 March 2005.
- 3 The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 31 March 2006 pursuant to Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors:



G J McGrath
Chairman

Dated at Brisbane, on 30 May 2006



G F Kilmister
Managing Director

Dated at Brisbane, on 30 May 2006



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CAMPBELL BROTHERS LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the income statements, statements of changes in equity/ recognised income and expense, balance sheets, statements of cash flows, accompanying notes 1 to 36 to the financial statements, the disclosures made as required by Australian Accounting Standard AASB 124 *Related Party Disclosures* marked "audited" in section 7 of Remuneration report in the Directors' report as permitted by ASIC Class Order 06/105 *Calculation of director and executive remuneration* / Corporations Act Regulation 2M.6.04 ("remuneration disclosures") and the directors' declaration (set out on pages 38 to 83) for both Campbell Brothers Limited ("the Company") and Campbell Brothers Limited and its controlled entities (the "consolidated entity"), for the financial year ended 31 March 2006. The consolidated entity comprises both the Company and the entities it controlled during that financial year.

The Remuneration report also contains information marked "unaudited" in section 7 not required by Australian Accounting Standard AASB 124 which is not subject to our audit.

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. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*.

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 and the remuneration disclosures comply with Australian Accounting Standard AASB 124 and ASIC Class Order 06/105/ Corporations Act Regulation 2M.6.04. 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, of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Australian Accounting Standard AASB 124 and ASIC Class Order 06/105/ Corporations Act Regulation 2M.6.04.

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.

Statement of continued independence

The lead auditor's independence declaration provided to the directors of Campbell Brothers Limited dated 30 May 2006 and included on page 85, would be unchanged if provided to the directors as at the date of this audit report.

Audit opinion

1. 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 2006 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) other mandatory financial reporting requirements in Australia.
2. The remuneration disclosures marked "audited" contained in section 7 of Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and ASIC Class Order 06/105 *Calculation of director and executive remuneration* / Corporations Act Regulation 2M.6.04.

KPMG

Mitchell C Petrie
Partner

Brisbane 30 May 2006



**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: the directors of Campbell Brothers Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 March 2006 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'KPMG', with the letters 'KPMG' printed in a bold, sans-serif font below it.

A handwritten signature in black ink, appearing to read 'M. Petrie', with the letters 'M. Petrie' printed in a bold, sans-serif font below it.

Mitchell C Petrie
Partner

Brisbane 30 May 2006

TWENTY LARGEST SHAREHOLDERS

As at 30 May 2006

SHAREHOLDER INFORMATION

	Name	State	No. of Ordinary Shares Held	% of Issued Capital
1	RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	NSW	3,445,089	6.76
2	J P Morgan Nominees Australia Limited	NSW	2,866,622	5.62
3	National Nominees Limited	Victoria	1,539,577	3.02
4	Milton Corporation Limited	NSW	1,413,310	2.77
5	Faircase Pty Ltd	Qld	990,254	1.94
6	Westpac Custodian Nominees Limited	NSW	844,974	1.66
7	ANZ Nominees Limited <Cash Income A/C>	Victoria	666,431	1.31
8	CPU Share Plans Pty Limited <CPB LON Control A/C>	NSW	645,800	1.27
9	Argo Investments Limited	Sth Aust	562,921	1.10
10	Smersh Investments Pty Ltd <Smersh A/C>	Qld	500,000	0.98
11	RBC Dexia Investor Services Australia Nominees Pty Limited <GSJBW A/C>	NSW	437,914	0.86
12	Gardenglen Pty Ltd	Qld	421,535	0.83
13	Mrs Dorothy Anne Stewart	Qld	338,000	0.66
14	Heart of Scotland Pty Ltd	Qld	295,265	0.58
15	Mrs Joyce Selina Hinds	Qld	282,673	0.55
16	Choiseul Investments Limited	NSW	282,161	0.55
17	Ourmacs Pty Ltd	Qld	270,000	0.53
18	ANZ Executors & Trustee Company Limited <Queensland Common Fund A/C>	Victoria	267,576	0.52
19	Brickworks Investment Company Limited	NSW	254,600	0.50
20	Mr David Alan Carlson <Est Alan Victor Carlson A/C>	Victoria	240,000	0.47
		TOTAL	16,564,702	32.49

OTHER STOCK EXCHANGE REQUIREMENTS

SUBSTANTIAL SHAREHOLDERS

The number of shares held by substantial shareholders as disclosed in substantial shareholding notices given to the Company as at 30 May 2006 were:

	No. of Shares	% Held
Investors Mutual Limited [^]	3,633,128	7.22

[^] An entity has a substantial shareholding if the total votes attaching to shares in which the entity and their associates have a relevant interest is 5% or more. The list of the twenty largest shareholders is based on the number of shares held in the name of each shareholder (not including their associates), even if the shareholder does not have a relevant interest in the shares, for example, because the shareholder holds the shares as a nominee. The list of the twenty largest shareholders of the Company and the list of substantial shareholders of the Company differ for this reason.

STATEMENT OF QUOTED SECURITIES

The Company's total number of shares on issue is 50,988,101 ordinary fully paid shares. At 30 May 2006 the total number of shareholders owning these shares was 6,309 on the register of members maintained by Computershare Investor Services Pty Ltd.

32.49% of total issued capital is held by or on behalf of the twenty largest shareholders.

VOTING RIGHTS

Under the Company's Constitution, every member entitled to vote who is present at a general meeting of the Company in person or by proxy or by attorney or in the case of a corporation, by representative, shall, upon a show of hands, have one vote only.

Proxies - Where a member appoints 2 proxies, neither proxy is entitled to a vote on a show of hands.

Poll - On a poll, every member entitled to vote shall, whether present in person or by proxy or attorney or, in the case of a corporation, by representative, have one vote for every share held by the member.

At 30 May 2006, there were no options held over unissued ordinary shares in the Company. All options previously granted under the Executives' Option and Employee Share Plan were exercised during the year. Voting rights attach to the unissued ordinary shares when the options have been exercised.

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

No. of Shares Held	No. of Shareholders
1 - 1,000	1,512
1,001 - 5,000	3,205
5,001 - 10,000	859
10,001 - 100,000	690
100,001 and over	43
	6,309

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares at 30 May 2006 was 56.

UNCERTIFICATED SHARE REGISTER

The Company's share register is totally uncertificated. Two forms of uncertificated holdings are available to shareholders:

- *Issuer Sponsored holdings*: sponsored by the Company. Has the advantage of being uncertificated without the need to be sponsored by a stockbroker.
- *Broker Sponsored holdings*: sponsored by a stockbroker. This type is attractive to regular stockmarket traders or those shareholders who have their share portfolio managed by a stockbroker.

Holding statements are issued to shareholders within 5 business days after the end of any month in which transactions occur that alter the balance of your shareholding.

STOCK EXCHANGE LISTING

The shares of Campbell Brothers Limited are listed on the Australian Stock Exchange under the trade symbol CPB, with Brisbane being the home exchange. Details of trading activity are published in most daily newspapers, generally under the abbreviation of Campbell.

OTHER SHAREHOLDER INFORMATION

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

Share Registry

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 1300 552 270 (within Australia), +61 7 3237 2100, by fax on +61 7 3237 2152 or on the Internet at www-au.computershare.com.

Annual Reports

If you do not wish to continue receiving the annual report, please contact our Share registry, Computershare Investor Services Pty Ltd, to request that the annual report not be sent to you in future. You will still be sent the notice of meeting. The latest Annual Report can be accessed from the Company's website at www.campbell.com.au.

Changing Your Address?

If you change your address, please promptly notify our Share registrar in writing. You should quote your SRN (Shareholder Reference Number) or HIN (Holder Identification 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 registrar.

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 7.5% off the weighted average market price, calculated over the five trading days subsequent to the record date. Currently, the DRP Plan is only open to shareholders with registered addresses in Australia or New Zealand.

TEN YEAR SUMMARY

		1997 \$000	1998 \$000	1999 \$000	2000 \$000	2001 \$000	2002 \$000	2003 \$000	2004 \$000	2005* \$000	2006 \$000
Sales Revenue		137,599	174,920	198,755	271,736	319,146	336,219	359,278	390,269	435,562	522,654
Funds Employed											
Issued capital		11,688	14,956	63,020	65,186	67,049	98,186	100,067	104,327	112,185	197,923
Reserves		27,379	49,024	3,295	3,505	4,576	828	(2,506)	(7,344)	(421)	3,398
Retained earnings		12,152	12,743	16,071	19,767	28,850	28,527	28,700	37,768	37,496	53,650
Minority interests		194	(2)	18	151	66	300	230	995	1,971	1,681
Non-current liabilities		40,363	21,120	25,970	50,295	86,888	94,378	92,786	100,006	84,991	118,648
Current liabilities		29,993	29,383	31,098	50,665	53,055	48,855	53,592	48,593	65,850	85,734
Total funds employed		121,769	127,224	139,472	189,569	240,484	271,074	272,869	284,345	302,072	461,034
Represented by											
Property, plant and equipment		40,672	46,088	46,792	65,863	77,361	87,486	86,572	85,947	89,313	125,361
Current assets		43,947	42,514	54,116	76,973	90,528	108,337	106,594	111,784	137,529	188,863
Non-current assets		5,670	5,247	5,118	5,414	21,150	9,470	13,173	13,284	8,063	10,831
Intangibles		31,480	33,375	33,446	41,319	51,445	65,781	66,530	73,330	67,167	135,979
Total assets		121,769	127,224	139,472	189,569	240,484	271,074	272,869	284,345	302,072	461,034
Trading Results											
Financing costs (net)		1,560	1,754	1,591	2,792	4,203	4,910	5,125	5,752	5,477	5,555
Depreciation and amortisation		5,099	6,886	7,553	8,910	11,549	13,931	15,459	15,768	13,999	16,512
Profit before tax		11,640	15,732	16,317	18,560	19,647	16,319	17,238	21,509	45,143	52,075
Income tax expense		4,202	5,677	5,670	6,295	3,028	5,030	5,703	6,903	10,381	17,182
Profit after tax (before g'will & unusual items)		7,911	10,748	11,416	13,199	13,913	13,548	14,558	17,904	24,966	34,227
Profit after tax (before g'will & unusual items)											
- attributable to members		7,912	10,748	11,396	12,996	14,139	13,493	14,919	17,939	25,005	34,177
Profit after tax, goodwill & unusual items											
- attributable to members		7,439	10,055	10,627	12,062	17,985	11,234	11,896	14,641	34,344	34,843
Dividend		4,893	9,464	7,299	8,366	9,429	11,607	11,723	13,183	17,297	23,560
Other Statistics	(Ref)	(a)	(b),(c)	(d),(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Net tangible asset backing per share	\$	0.84	1.45	1.61	1.52	1.56	1.60	1.53	1.56	2.04	2.37
Earnings per share (before g'will & unusual items)	c	34.13	36.51	37.63	42.72	44.36	35.95	37.33	45.05	61.14	75.48
Earnings per share (before g'will & unusual items)											
- attributable to members	c	34.13	36.51	37.56	42.06	45.08	35.81	38.25	45.14	61.24	75.37
Earnings per share (after g'will & unusual items)											
- attributable to members	c	32.08	34.16	35.09	39.04	57.34	29.81	30.50	36.84	84.11	76.84
Dividend per share	c	21.0	23.0	24.0	27.0	30.0	30.0	30.0	33.0	42.0	50.0
Return on average equity											
(before g'will & unusual items)	%	16.2	16.8	14.3	15.5	14.7	11.9	11.5	13.7	17.4	16.8
Return on average equity											
(after g'will & unusual items)	%	15.2	15.7	13.4	14.1	19.0	9.9	9.4	11.2	23.9	17.1
Net debt (debt - cash)	\$000	43,180	20,637	22,624	48,166	84,876	83,251	85,783	94,040	73,171	85,680
Gearing ratio (net debt/(net debt+ total equity))	%	45.6	21.2	21.5	35.2	45.8	39.4	40.4	40.9	32.6	25.0
Interest cover											
(after tax before g'will & unusual items)	times	6.1	7.1	8.2	5.7	4.3	3.8	3.8	4.1	5.6	7.2
Interest cover	times	8.5	10.0	11.3	7.6	5.7	4.3	4.4	4.7	9.2	10.4
No. of Employees		987	1,123	1,057	1,409	1,684	2,165	2,306	2,400	3,090	4,268

(a) Following the issue of 763,586 shares

(b) Following the issue of 6,535,015 shares

(c) Dividend excludes special dividend of 10 cents per share

(d) Following the issue of 559,131 shares

(e) On 1 July 1998, the balance of \$45.9 million in the Share Premium a/c (Reserves) was transferred to the Share Capital a/c.

(f) Following the issue of 560,171 shares

(g) Following the issue of 448,380 shares

(h) Following the issue of 7,278,595 shares

(i) Following the issue of 404,680 shares

(j) Following the issue of 888,141 shares

(k) Following the issue of 1,214,541 shares

(l) Following the issue of 9,723,228 shares (including 1:5 rights issue)

* 2005 figures restated to AIFRS

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