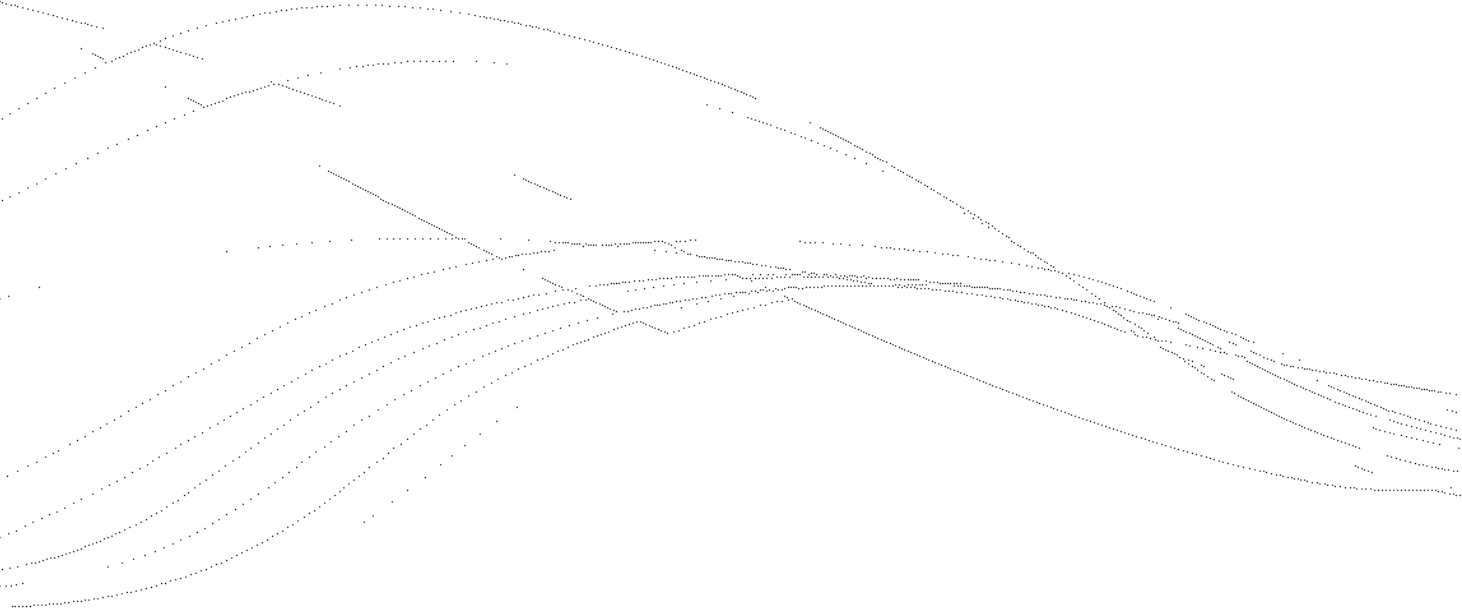


>>> **CHAIRMAN'S ADDRESS 2004**

Group of Companies

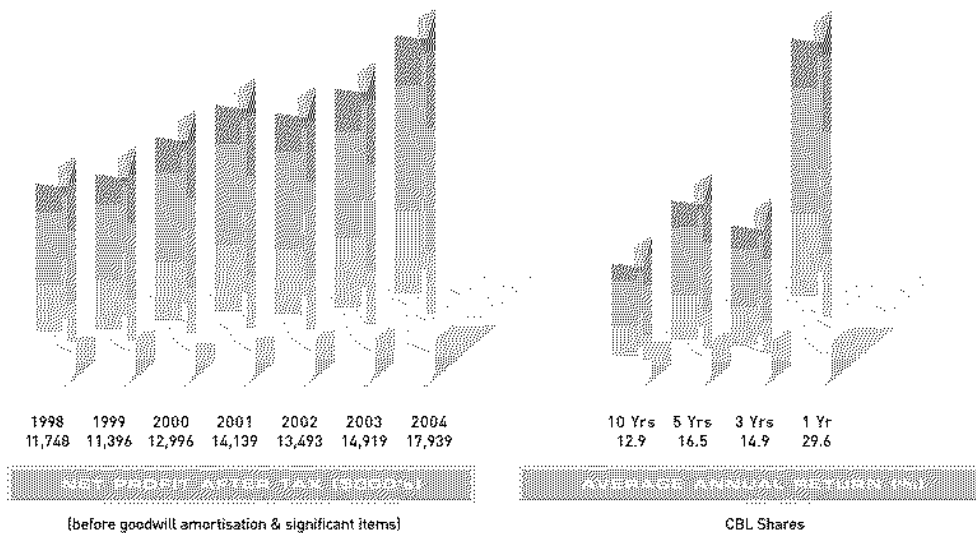


**CAMPBELL BROTHERS
LIMITED**

CHAIRMAN'S ADDRESS

Address delivered by the chairman Mr R J White at the 53rd Annual General Meeting of the Company on Tuesday 27th July 2004 in the Grand Ballroom of the Hilton Hotel, Brisbane, 190 Elizabeth Street, Brisbane.

Welcome to the 53rd Annual General Meeting of your Company as a public company listed on the Australian Stock Exchange. The year to 31st March 2004 was again a very satisfactory year for the Company with increased turnover and profit and some significant progress on developing new business opportunities within the group.



Net profit (after tax before goodwill amortisation attributable to members) was \$17.94M for the year ended 31 March 2004, an increase of 20.2% over the \$14.92M achieved on 2003. The chart before you demonstrates that this is a return to the rate of profit growth achieved over the last five or six years. This represents an annualised year on year growth rate of 8.9% over this period.

A chart comparing the Company's investment performance with the Australian Stock Exchange All Ordinaries Accumulation Index over the past ten years included at page 1 of the annual report shows that the total return to shareholders of this Company slightly outperformed that index over that period. However, the current annualised return to shareholders over a one, three and five year period show a much more impressive result.

The following two charts detailing the sales revenue and the contribution from the individual businesses show that both the Laboratory Services and Industrial Divisions continue to grow strongly whilst the Consumer Division has remained under continuing pressure. At the last annual meeting I indicated to you that management had instigated a detailed review of the Consumer Products business as the deteriorating return on investment in that area was not acceptable. After considering all the options for reconstruction, further investment or disposal, the Board announced to the Stock Exchange early last month that a contract had been signed for the sale of the major laundry and detergent brands to Colgate Palmolive Pty Ltd subject to the approval of the Australian Competition & Consumer Commission. Given that this represented a significant move out of consumer products which had been part of the Company's core business for generations, the decision received a great deal of careful analysis. The Board concluded, given their expectation of continuing pressure on margins in this business segment, that the funds

released by this sale could be better invested in growth opportunities within the remaining portfolio of business units. The Company's Services and Industrial Divisions continue to experience rapid growth which together with the continuing philosophy of strategic add-on acquisitions, will lead to an improved rate of return on shareholders' equity.

SALES

| DIVISION | 2004 \$m | 2003 \$m | 2002 \$m | % CHANGE 2004/2002 |
|---------------------|-------------|-------------|-------------|-----------------------|
| Laboratory Services | 123.94 | 114.40 | 96.76 | +28.1 |
| Consumer | 127.90 | 132.10 | 138.90 | -7.9 |
| Industrial | 141.46 | 115.54 | 102.62 | +37.8 |

CONTRIBUTION

| DIVISION | 2004 \$m | 2003 \$m | 2002 \$m | % CHANGE 2004/2002 |
|---------------------|-------------|-------------|-------------|-----------------------|
| Laboratory Services | 21.50 | 16.35 | 11.54 | +86.3 |
| Consumer | 5.21 | 5.90 | 10.16 | -48.7 |
| Industrial | 9.33 | 7.93 | 6.20 | +50.5 |

As has been our practice for some years, we have tabulated in the annual report the acquisitions over the last ten years or so and you will note that this policy has remained very active in 2003 with six individual businesses being added to the Consumer Services and Industrial Division activities.

DIVIDEND

Given the results for the financial year and the Directors' confidence in the continuing growth and profitability of the corporation as a whole, a decision was taken to increase the final dividend from 17c per share to 19c per share bringing the total for the year to 33c per share as against the 30c in the previous year.

BORROWINGS

Given the rate of growth within the individual businesses it is inevitable that the rate of demand for investment capital will remain strong and you will note from the chart now showing, that net borrowings again increased to \$94M at year end but that the gearing ratio at 40.9% and the interest cover at 4.7 times remain very satisfactory. Obviously the disposal of the Consumer Products brands will lead to a short term reduction in borrowings thus providing essential fuel for the aggressive growth program being followed in the other business areas. It is also pleasing to note the return on shareholders' equity moved ahead to 13.7% - closer to what might be regarded as a desirable benchmark of 15%. In a few moments I will make a few comments about progress in the current financial year and the Directors' expectation for the period immediately ahead.

BALANCE SHEET

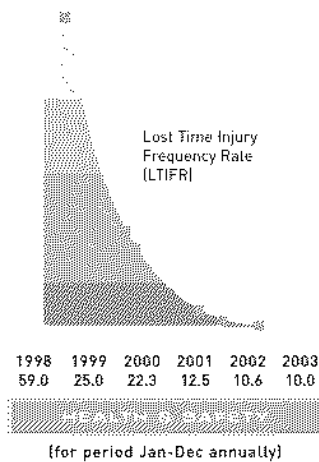
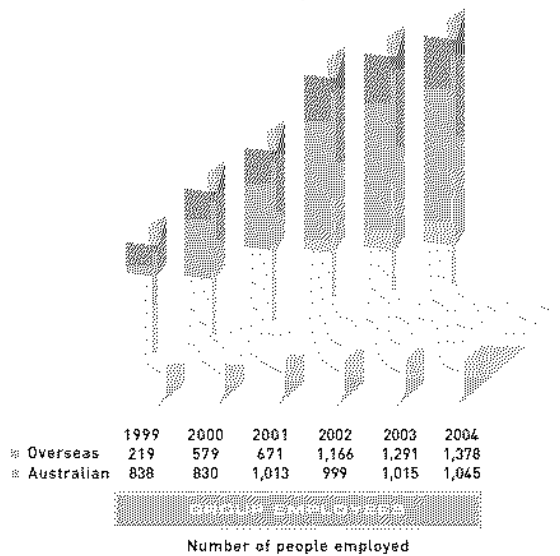
| | 2004 31 MARCH | 2003 31 MARCH | 2002 31 MARCH |
|----------------------------------|------------------|------------------|------------------|
| Net Borrowings (\$m) (Debt-Cash) | 94.0 | 85.8 | 83.3 |
| Gearing Ratio (%) | 40.9 | 40.4 | 39.4 |
| Interest Cover (times) | 4.7 | 4.4 | 4.3 |

RATIOS

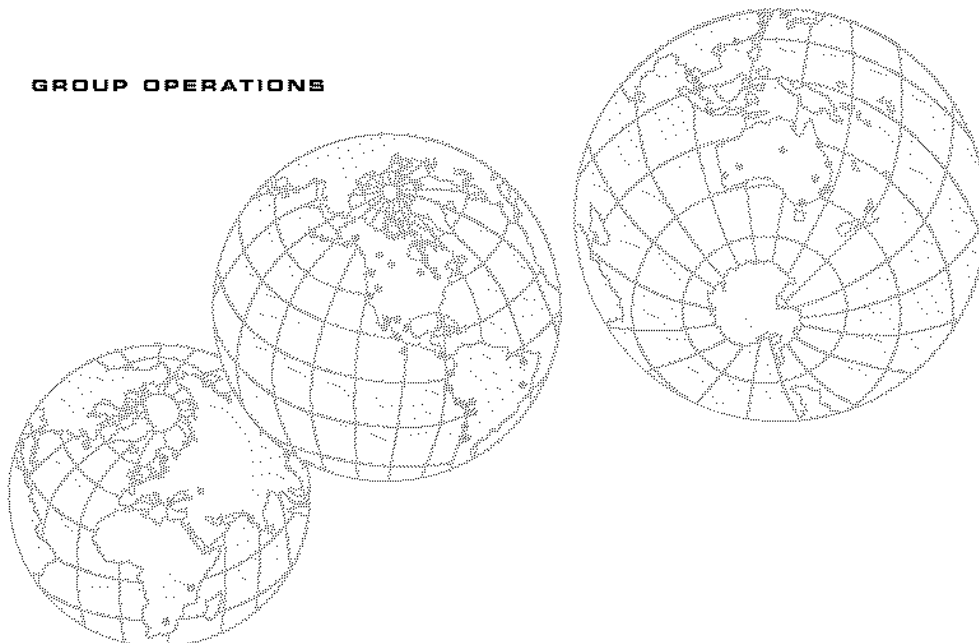
| | 2004 31 MARCH | 2003 31 MARCH | 2002 31 MARCH |
|--------------------------|------------------|------------------|------------------|
| Net Tangible Assets (\$) | 1.56 | 1.53 | 1.60 |
| Return on Equity (%) | 13.7 | 11.5 | 11.9 |

EMPLOYMENT

Whilst profit is the critical lifeblood of any corporate undertaking it is not the only measure of well being that must be addressed. As you can now see from the chart in front of you, total employment for the group has now reached almost 2,500 people, or three times what it was 6 years ago. Needless to say, that rate of expansion in itself demands the application of a great deal of energy and resources to ensure that those people are employed in a meaningful and safe manner and that they in turn can see opportunities to move towards their own employment aspirations. The size of the task is magnified significantly by the fact that the Group's operations are now spread in excess of 20 countries, with a vastly diversified range of industrial, legal and social implications. At a philosophical level it is perhaps worth noting that through this process the Company has made a modest contribution to the need for a better understanding between people of vastly different backgrounds. The continuing, but on this occasion modest, improvement in the Company's safety record is a critical element in the responsibilities of people at all levels in the organisation for it is only by the involvement of every individual based on attitude and training that the Company will move towards the "holy grail" of industrial activity, with nil industrial accidents within its operations.



GROUP OPERATIONS



GOVERNANCE

The year just past has seen no diminution in the amount that has been written and said about corporate governance in recent years. Whilst Campbell Brothers strongly supports a system which demands honest behaviour and diligent processes in reviewing and controlling the operation of corporations it is vital that our executives and staff do not become bogged down in process rather than the simple art of making and selling a good product or service at a price which yields a return to all the players in the transaction.

The corporate governance statement to which the Company subscribes is now set out in detail over 5 pages in the annual report. The New Year will see additional requirements in respect of executive remuneration and the independence of directors amongst other issues. I have great difficulty with the independence of a director being determined by the application of an arbitrary period of length of service. The circumstances will be as many and varied as the individual qualifications and talents of those who choose to expose themselves to the not inconsiderable risks of senior executive and or directorial positions. In seeking new talent for this board of directors I am sure the incumbent board will be looking for those who as a minimum have established a successful track record at a senior executive or professional level in appropriate corporate activity and can be relied upon to work as a constructive member of a group.

DIRECTORATE

Having said that, it is with great confidence that the board appointed Mr Ray Hill a director of the Company during the year after a successful career in the food industry as Chief Executive of Pauls Limited, before and after it became part of the international Parmalat Group. It is also with great confidence that the board has nominated Mr Geoff McGrath, who joined the board in June 2003 to take over as Chairman of the Company when I step down in just a few days time. Mr McGrath had been Managing Director of GWA International Limited for 12 years and accordingly brings a great deal of experience to this position from a successful internationally focussed industrial company.

During the year Mr Rod Campbell retired as a Director after 13 years on the Board, including the last 5 years as deputy chairman. He served the Company well, always contending that the business should be directed in the pursuit of the most rewarding and profitable opportunities in the current environment quite irrespective of his family's historical association with its more traditional business in the soap and cleaning chemical industries. His departure brought to a close a period of 140 years of continued direct involvement in the management and board of the company founded by Peter Morrison Campbell in 1863. Many branches of the Campbell family remain strongly committed to the Company as shareholders.

AUDITORS

As is now required under the Corporations Act the position of auditor must be rotated every 5 years within the partners of the Company's Auditing Firm. Accordingly Mr Ian Fraser stood aside from this responsibility as from 1st April 2003 and the position was filled by Mr Mitchell Petrie of KPMG.

Mr Fraser had held that position for many years and it is my strong conviction that the shareholders of this Company have been well served by his execution of those responsibilities. I also have no doubt that Mr Petrie will now perform those duties in a similarly diligent fashion. Both Mr Petrie and Mr Fraser are present at the meeting today and at the appropriate time during the meeting will be available to respond to shareholders questions.

CURRENT YEAR'S PROGRESS

As always, it is what is happening now and our expectations for the immediate future that have the major impact on a shareholder's view of the real worth of their investment. The first few months of the current financial year have been notable,

- › a) for the continuation of the organisation and growth of the Company's service oriented business units and
- › b) the existence of a strong metals market which continues to have a positive effect on the earning capacity of Australian Laboratory Services.

The Directors believe on the basis of the results achieved for the first three months of the financial year and their expectations of trading conditions through to the conclusion of the six months at the 30th September, that profit for that period will be in the order of 25% higher than that achieved in the corresponding six months of the 2003/4 financial year.

Needless to say, business is operating in a very volatile environment. The majority of indications are that business opportunities will remain firm throughout this period and immediately beyond.

STAFF AND MANAGEMENT

The board takes great satisfaction in being able to report this progress to shareholders but it has been achieved and can only continue whilst we have a highly motivated and competent team of senior executives and staff at all levels. It is a continuing tribute to Mr Brown's performance as a leader that that situation exists and it behoves us as directors and shareholders to ensure that our portion of the responsibility for the maintenance of that motivation remains in place. Once again I am sure that all shareholders will support my expression of a job well done to all concerned.

CONCLUSION

At this time last year I indicated that it was my intention during the financial year just passed to oversee the smooth transition of responsibilities so that the ongoing processes of the Board and the growth of the Company would not be negatively impacted by any change in personnel. This Company has a Board of capable, experienced and committed people which works hard to provide the necessary link between the shareholders and the Company's operations led by Mr Brown, and I once again record my appreciation to Mrs Nerolie Withnall who has continued to act as Chairman of the Audit and Compliance Committee at a time when pressures of that responsibility continue to increase, and to Mr Tony Love, Mr Martin Kriewaldt and Mr Ray Hill. To Mr McGrath who now has an opportunity to lead the Group as Chairman, my thanks for his support during a relatively short period and my best wishes to him in his role as Chairman. You have inherited a competent team of good people and we will all look forward to your reports as the opportunities before the Company continue to unfold.

It is no longer a requirement for shareholders to formally approve the annual report and accounts of the Company, but to receive and consider them. Accordingly the accounts and directors report for Campbell Brothers Limited for the year ended 31 March 2004 are now before you for consideration and discussion.



R J White
Chairman
Brisbane, 27 July 2004



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LIMITED**

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