Greg Kilmister
Managing Director
ALS Limited

Annual General Meeting
11am on 30 July 2015

Thank you Nerolie.

Ladies and gentlemen.

The headwinds confronting our resources facing businesses have not abated over the last twelve months. Conditions remain challenging as we continue to cycle through a downturn in our coal and mineral businesses. Compounding those challenges we have now seen the global oil price drop by 50 percent from August. Nobody predicted such a sharp decline in the oil price and that has led to a 60 percent rig count decline in the USA over a very short period. All of this at a time when we were still integrating newly acquired acquisitions that are positioning ALS in the Oil & Gas sector for long-term growth.

Managing a company is not about bemoaning market conditions or competitor activity. It is about dealing with the reality of today and executing strategies that build value into the future, regardless of market conditions.

At this meeting it is not my intention to dwell on the past twelve months, business by business unit, but rather to talk about the future. I want to share with you the reality of today's markets for ALS's services, and more importantly what we are doing to ensure success in those markets. What are our high level strategies and what does the future hold. We run world class businesses and I want you to leave this meeting, confident in the future of your company. Yes times are tough at present, there is no denying that reality. But we have been through many downturns in the past and have always protected the core value of the company and our capabilities; performing the best we can in any given environment; and building towards our full future potential.

FY2015 Financial Summary

	FY14 ($mn)	Full Year FY15 ($mn)					
Full year	Continuing Underlying	Continuing Underlying	Discontinued Operations (1)	Impairment Charges	Restructuring & Acquisition Costs	Amortisation of Intangibles	Statutory Results
Revenue	1384.0	1422.2	70.5	-			1492.7
EBITDA	335.7	305.4	1.6	(292.1)	(6.8)		8.1
Depreciation & amortisation	(75.6)	(83.4)	(0.3)	-		(12.1)	(95.8)
EBIT	260.1	222.0	1.3	(292.1)	(6.8)	(12.1)	(87.7)
Interest expense	(26.8)	(33.1)	-	-			(33.1)
Tax expense	(61.1)	(52.6)	(0.4)	1.5	(0.4)		(51.9)
Non-controlling interests	(1.9)	(1.6)	(0.2)	-			(1.8)
NPAT	170.3	134.7	0.7	(290.6)	(7.2)	(12.1)	(174.5)
EPS (basic – cents per share)	45.4	33.6					(43.4)
Dividend (cents per share)	39	21					

(1) Reward Distribution which was divested on 31st October 2014

11

RIGHT SOLUTIONS · RIGHT PARTNER

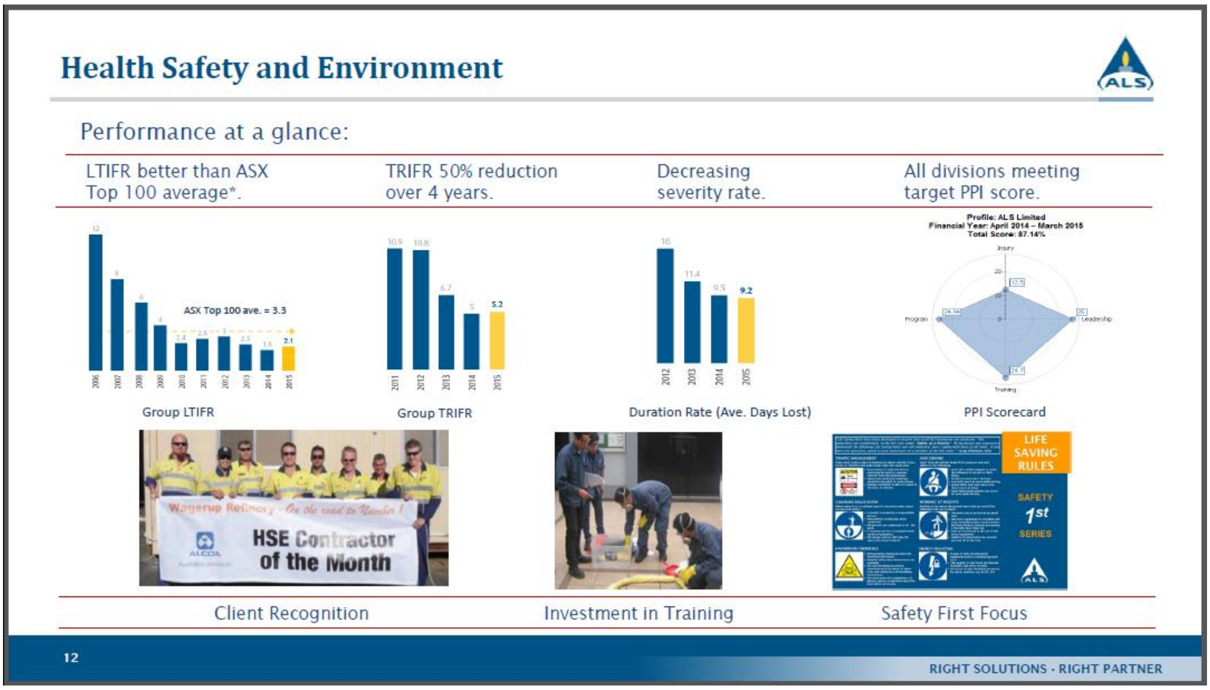
Before reviewing those markets and strategies it is appropriate to touch briefly on some aspects of the 2015 financial year.

Revenue was up 3 percent to $1.422 billion dollars, helped a little by a weakening Australian dollar but demonstrating that we are picking up market share in an environment when our cyclical businesses are seeing both market volume contraction and price reductions. I see the revenue performance as a good outcome, reflective of the strength of our brand and ALS holding a preferred service provider status in many market sectors.

The underlying after tax profit of $135 million dollars was down 21 percent on the previous year. That decrease was impacted by higher interest charges following the acquisition of the Reservoir Group in August 2013, but more importantly a change in revenue mix amongst the operating businesses and price decreases across most of our businesses.

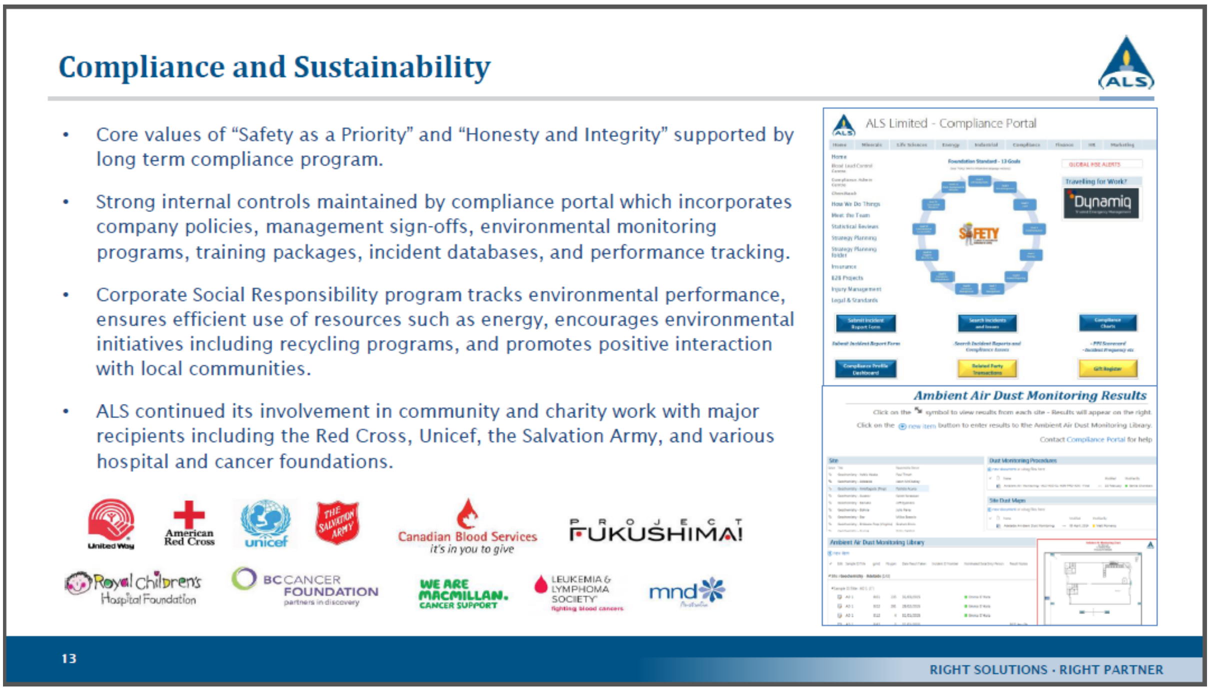
During the year, the Company booked a non cash impairment write-down in the Goodwill attributable to its Oil & Gas investments. This was a significant event but does not undermine our commitment to the Oil & Gas sector nor our belief that it will be a significant long-term contributor to the performance of ALS. Impairment testing occurs at each half year and the outcome of that test depends on market conditions at that time and visibility or certainty of the future growth in those markets. In an environment where the oil price had declined so rapidly and unexpectedly, from what might have been an abnormal high, we took a very conservative view of the market recovery and hence the significant impairment.

In summary it was a challenging year and that is reflected in the financial results of the company. But it was also a year where we once again carefully examined our own cost base and made further adjustments. It was a year where we stayed on track with our long term vision. It was a year where our staff once again were called on to do the heavy lifting for a company that they are so passionate about.



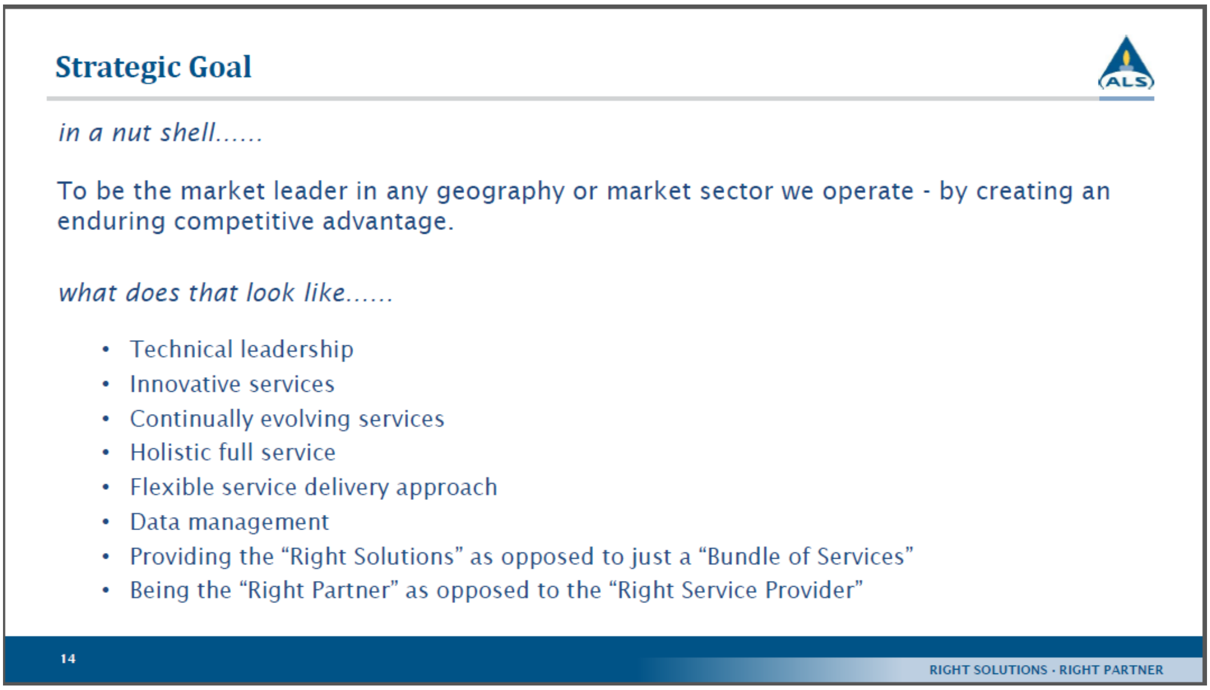
In her address, the Chairman talked about the ALS Core Values. These values are real to all staff and form the basis of every decision we make. Whilst there is no hierarchy to those values, safety has to be firmly embedded in our DNA. Our aim is really quite simple – to cause no harm to staff, contractors or visitors to our sites. Everything else we might achieve is meaningless if we cannot be proud of our safety record.

Safety is a journey and as the slide on the screen shows, during the year we made further progress on that journey of ensuring safety is embedded in the thinking and behaviour of every single employee. Investment in training and creating a safety focus is being recognised by clients and is generating a safety record we can take some comfort in.



Hand in hand with safety is ALS's commitment to social responsibility and sustainability. Whether that be reducing waste, reducing our environmental footprint, supporting local communities or just participating in local activities, ALS strives to be a good corporate citizen in every region of the world in which we operate.

This is important to clients and local communities, but more so to our own staff. If we want to attract the very best and engender loyalty from staff then we need to ensure they are proud to be associated with ALS. It is very important to staff that ALS behaves in a socially responsible manner; consistently and globally. There is always more we can do in this area but we are making progress and are well down that journey.



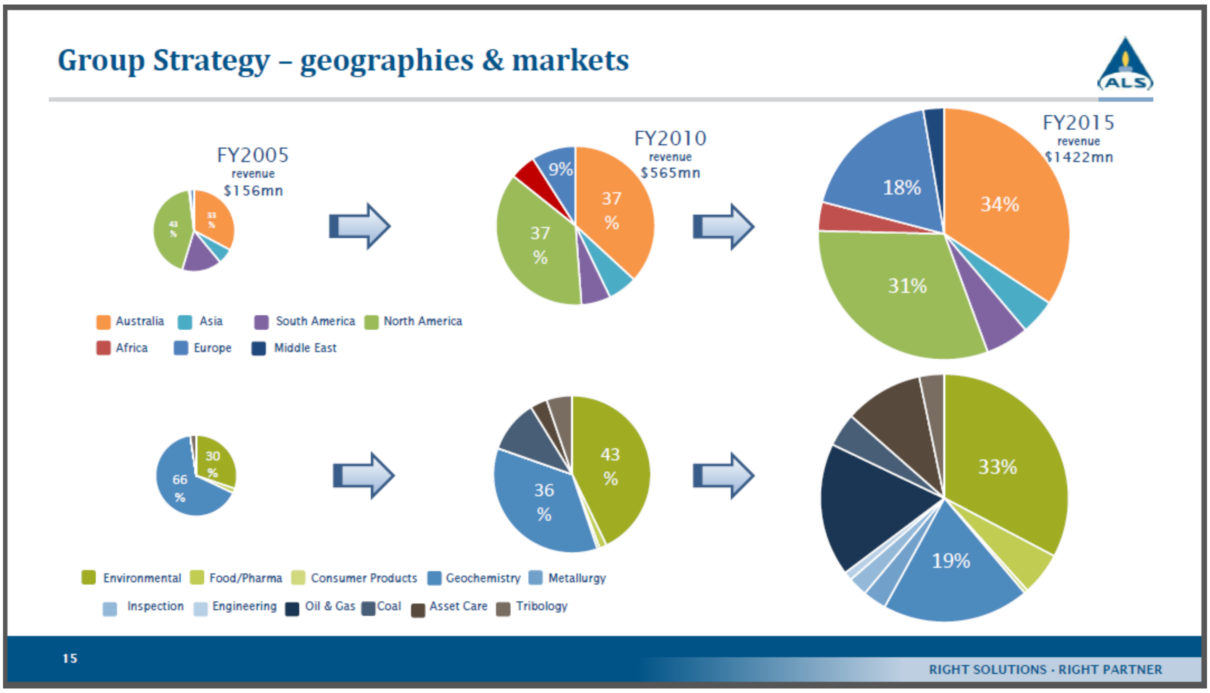
So now let's turn our attention to strategy. Firstly the overall group strategy and then the current strategies for the individual business units based on current market conditions.

Our Group strategy has been in place for two decades now. At its highest level it is simply about geographic and market sector diversification where ALS has or can develop an enduring competitive advantage that will allow us to get to a market leadership position. Simple but ambitious.

What that enduring competitive advantage looks like, is built around

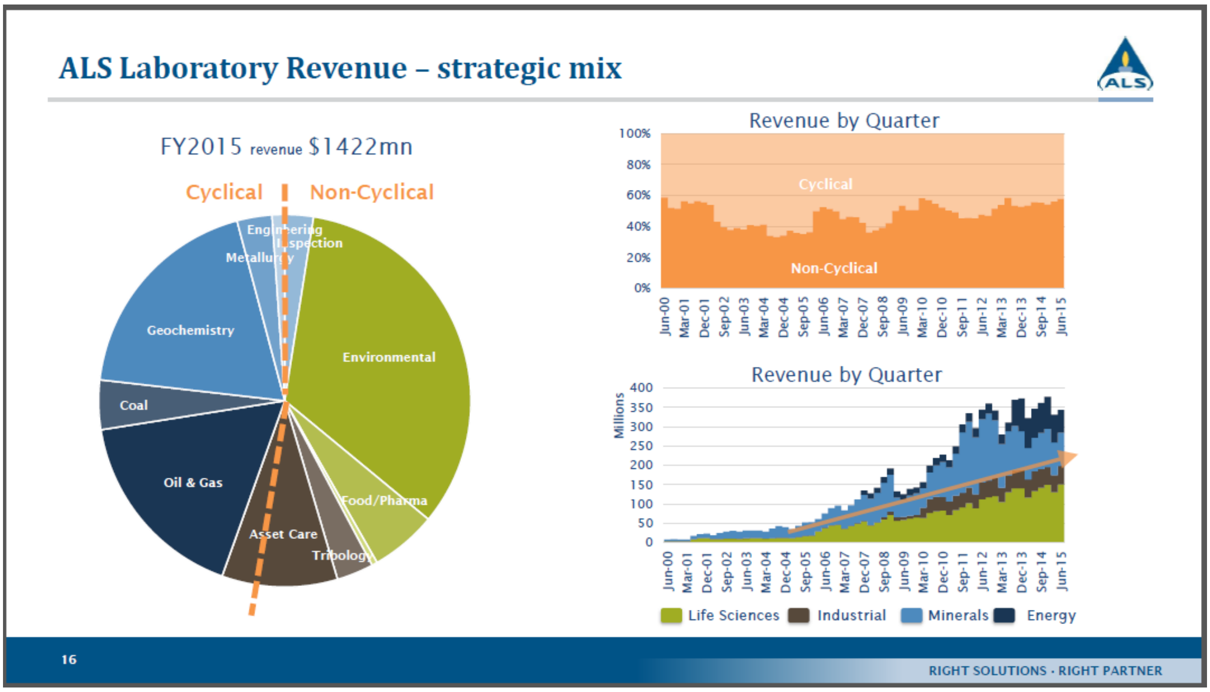
- Technical leadership
- Innovative services
- Continually evolving services
- Holistic full services
- A flexible service delivery approach
- Data management
- Providing the "Right Solutions" as opposed to just a "Bundle of Services"
- Being the "Right Partner" as opposed to the "Right Service Provider"

These are fairly simple ideas but putting them all together, consistently and across many market geographies and sectors, is the real challenge.



So how have we gone in executing this strategy over the last decade? What the slide shows is that we have built our laboratory business from revenues of $156 million dollars ten years ago to $1.422 billion dollars today; nearly a ten-fold increase in ten years. Ten years ago the business was very reliant on Australia and North America whilst today we generate significant revenues in Africa and Europe where we had virtually no presence in 2005. In fact in Europe we had 1 million dollars in revenue in 2005, $51 million dollars in 2010 and $259 million dollars in the year just completed.

More importantly the pie charts at the bottom of the slide show that we have converted what was predominantly a geochemistry and environmental business 10 years ago into a market diversified business today where we are the number one provider of geochemistry, environmental chemistry, independent tribology, and coal technology services in the world. We are the number one provider of Industrial testing services in Australia, the number two provider of metallurgical services globally and are building a strong presence in the food testing and oil & gas sectors globally. We have stayed true to our long term strategy both at the top of the cycle and at the bottom of the cycle. This is important if we are to proactively build the company for the future as opposed to reactively abandoning our strategy just because of market headwinds or short-term gains. We simply need to change the rate at which we execute our strategy in line with market conditions and our ability to do the things we know should be done.



So what does our company look like today? In executing our strategy we are trying to get the right balance between our exposure to non-cyclical and cyclical markets.

Non-cyclical markets include our environmental, food, tribology, mineral inspection and the majority of our asset care businesses. Non-cyclical markets tend to be quite predictable; rarely contracting but also only growing at slow rates. Because these markets are quite stable, there is no natural mechanism that rationalises the market so competition is stable, prices generally competitive, and therefore margins whilst predictable are acceptable but not outstanding. I generally classify these markets as "defensive".

Cyclical markets include our geochemistry, metallurgy, coal, oil & gas, and about 30% of our asset care business. These markets can experience rapid growth, plus 20 percent per annum in the up cycle, but also rapid contraction of up to 50 percent over a very short period. ALS actually likes these markets as the cycles have a way of cleansing the competitor landscape on a regular basis, and creating significant opportunity for market share growth. The downside of course is that profit margins can swing quite widely between the top and bottom of the cycle.

The challenge for ALS is to achieve the right balance between non-cyclical and cyclical businesses. Non-cyclical businesses to underpin a predictable profit stream, and cyclical businesses to provide significant step-wise growth and value creation.

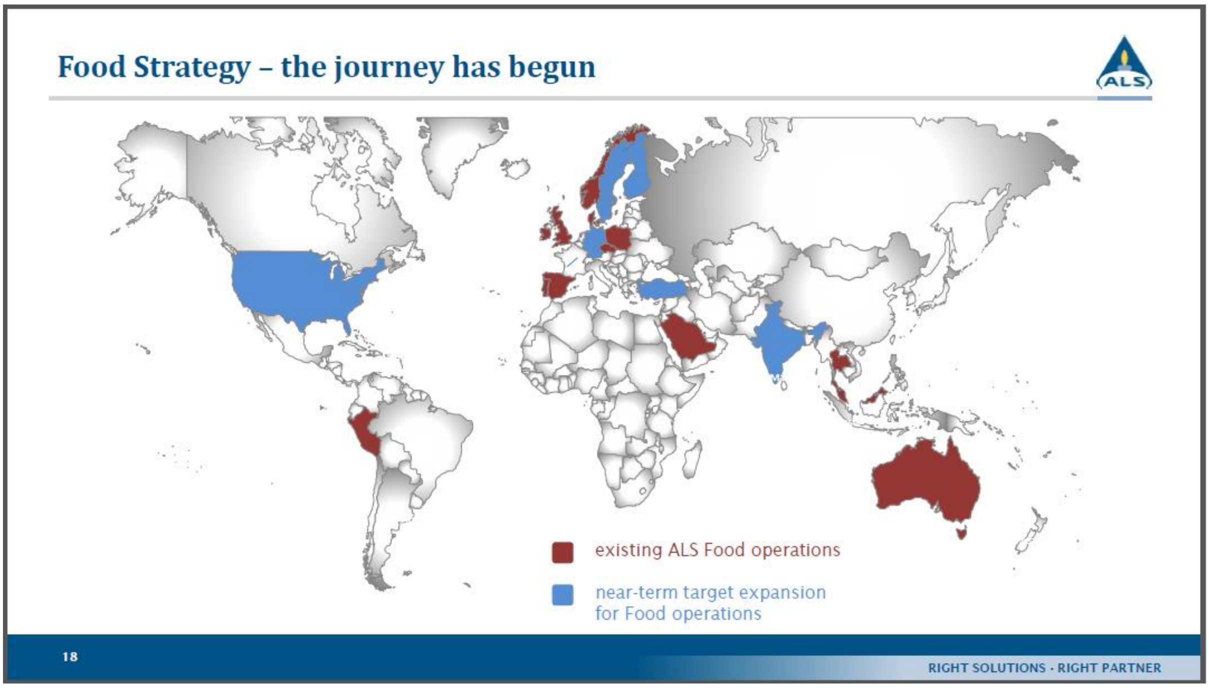
The chart shows the mix of non-cyclical versus cyclical revenues today; what that has looked like over the last 15 years and how we have grown the revenue streams for the company over that same timeframe. The problem for us today of course is that all of our cyclical markets are now cycling down at the same time, and I would contend that this is not normal. It may be the new normal but it is certainly unique in recent history.

So what is the right balance between non-cyclical and cyclical businesses? At the bottom of the cycle I would like to see our non-cyclical businesses grow to be about 70% of our revenue whilst at the top of the cycle the cyclical businesses should quickly build to 50% of our revenue.

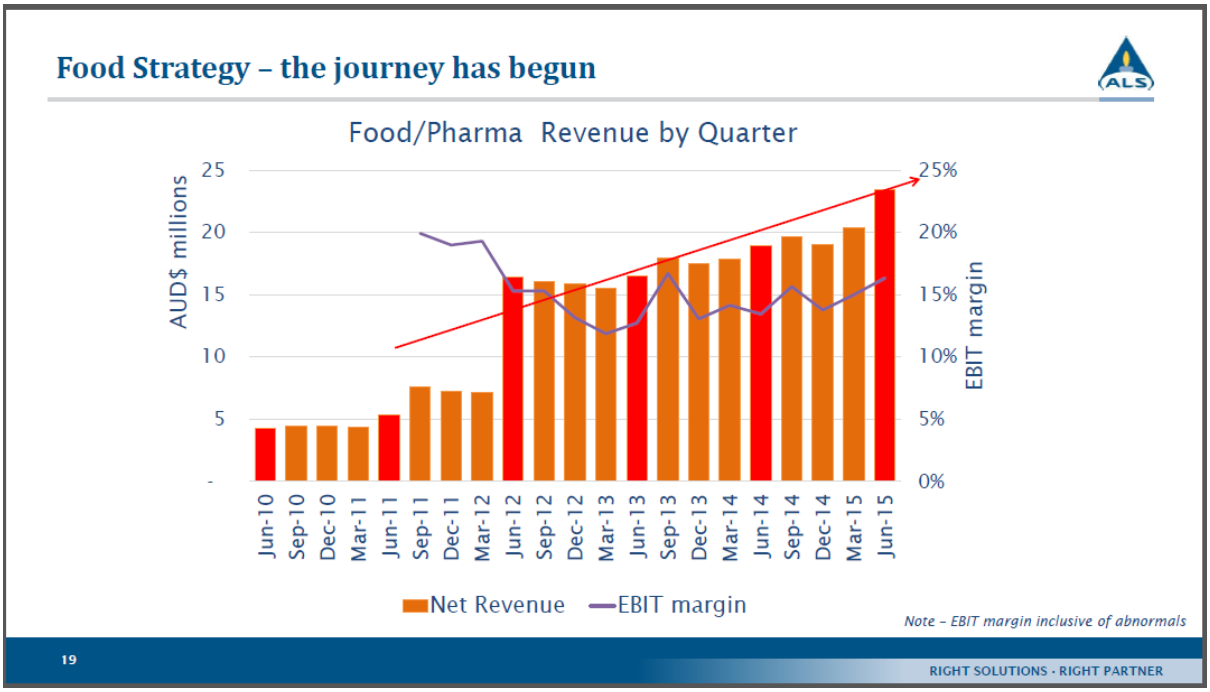
Now let's drill down into the actual business streams of the company and review current market conditions, expectations and strategy execution at the business level.

Our Life Sciences Division operates in non-cyclical markets and has two main business streams; environmental and food/pharma. Four years ago this division was just an environmental business. In 2012 we developed a strategy to build a $200 million dollar per annum food analytical business focusing on food safety. That strategic plan defined the things ALS needed to put in place to build an enduring competitive advantage; the building blocks. We estimate the global food safety testing market to be worth $11 billion dollars annually and growing at 7 percent per annum driven by the growth in ready to eat products, tighter regulations, global trade, growth in private labels and consumer health awareness. Today, not all of this market is available to commercial service providers but we expect to see continuing outsourcing into the future, as food manufacturers, distributers, retailers and brand owners focus on their core activities.

Our strategy is to build a global, integrated food safety business. Recognising that clients are not just interested in the analytical service but in a genuine farm to fork holistic service that manages food safety issues on their behalf; a true technical partner. Those service offerings will include chemistry, microbiology, sensorial, auditing, consulting, packaging, product development and more. Most of these services are part of the ALS stable of services or are being currently worked on. We will tie all of these services together internally through our recently developed global food LIMS, called ELMS, but more importantly from the client's perspective through an interactive client portal called ALSolutions. We have a vision of what we will go to market with and have been putting the building blocks of that vision in place for the last three years.



Geographically, Europe is our primary focus but we have already established food services in Australia, South East Asia and Peru. We are also actively pursuing opportunities to establish a footprint in the United States and India. We are rolling out a highly standardised and systemised service, using the hub and spoke approach that has been so successful in many of our other business streams.



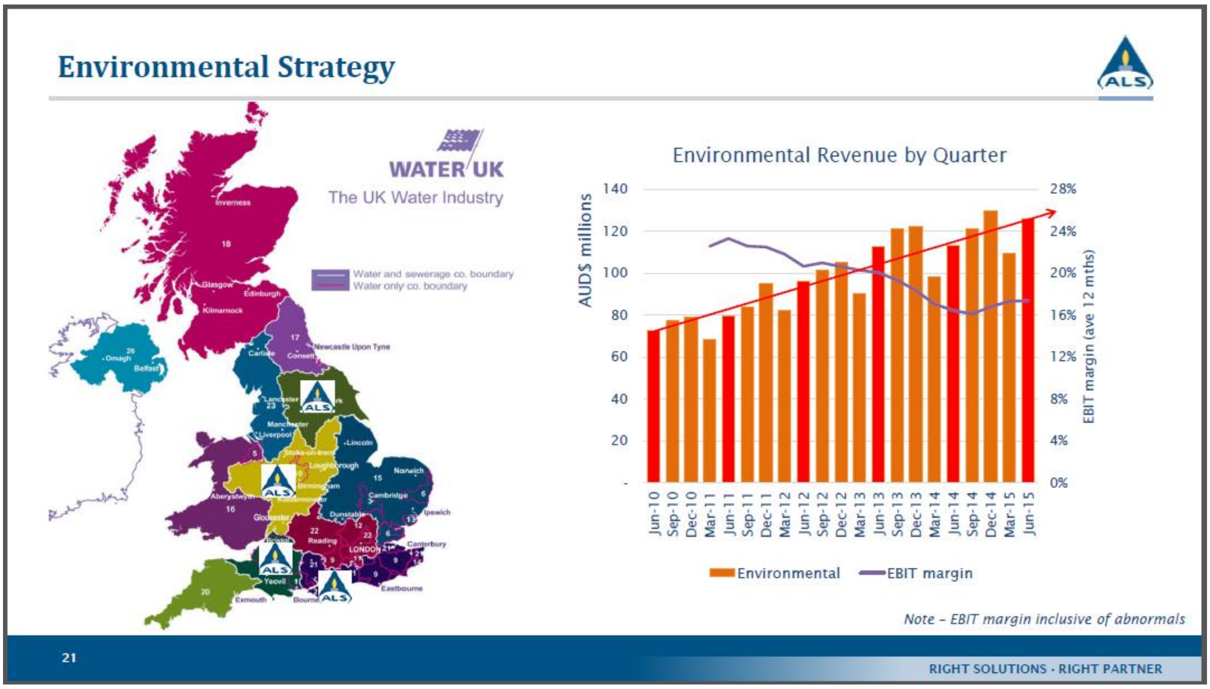
Because we have most of the building blocks in place, we are now turning our efforts to revenue growth. This may initially lead to lower margins as we over-service clients to gain market share. You can see that that revenue growth is already starting to flow.

We are however already looking further ahead in regards to growing our Life Sciences Division. Once our food strategy has been executed we will then turn our attention to building a more meaningful presence in the pharmaceutical sector. We have recently taken a small step in that direction by committing $5 million dollars to rebuilding and tripling the size of our pharmaceutical laboratory in Ely in the United Kingdom.

Our environmental business is quite mature. We have a very extensive global footprint with 68 environmental laboratories across 29 countries; in fact we are the largest provider of environmental analytical services in the world. We provide a full range of services covering air, waste, contaminated land, regulatory monitoring, noise, potable waters, marine sediments and waters, and emissions.

We are well positioned in all of these markets but our strategy is to continue looking for new geographies to enter; to look at developing trends in the sector for example pharmaceutical drug contaminants in the environment; to continue to develop centralised centres of excellence such as our ultra-trace metal laboratory in Lulea (Sweden) or our dioxin laboratory in Burlington (Canada); and to develop better, more intuitive and easy to use data management services for clients.

We built a world class USEPA compliant full service laboratory in Lima Peru to service major contamination remediation projects in South America, and that laboratory has achieved significant local support with revenue growth of 41 percent last year and an improvement in EBIT margin to +30 percent.

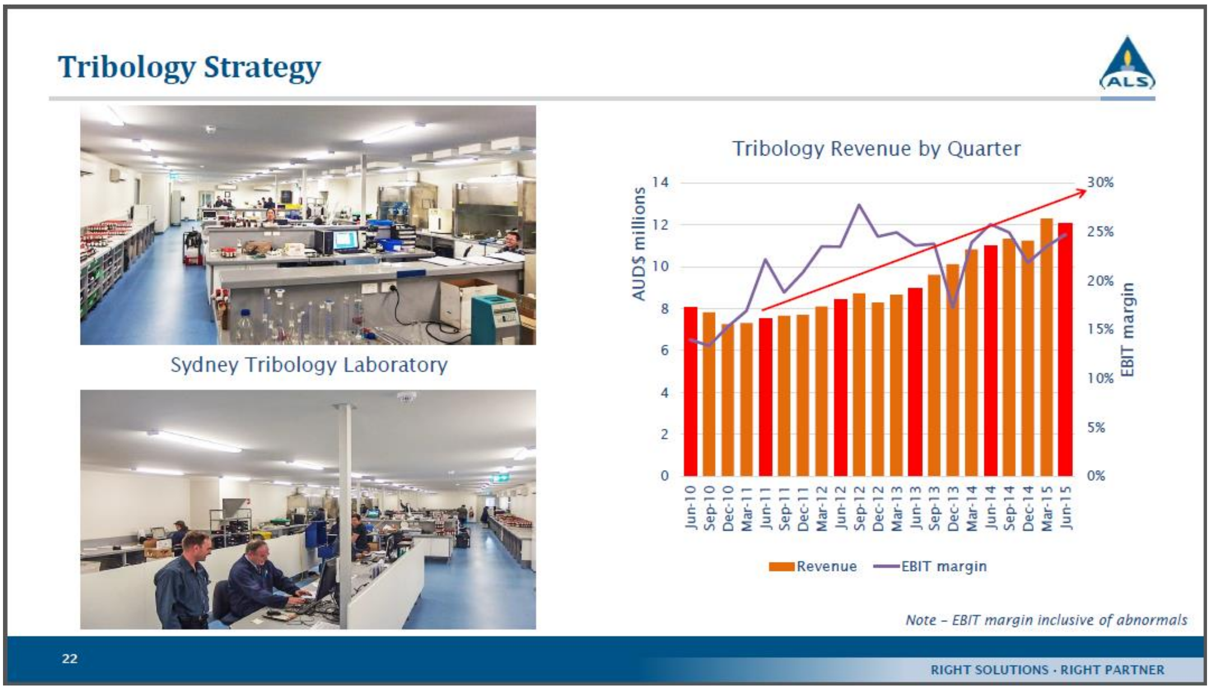


Our strategy of building our water analytical capabilities and network to pursue outsourcing opportunities from water authorities as they move from being semi-government to truly commercial, is working. We now have an 85 percent market share in Australia of contestable water work and have built a sizable water analytical business in the United Kingdom. There are 26 water authorities in the United Kingdom. Currently only 6 of those water authorities outsource their analytical needs to a commercial analytical company. ALS has 4 of those 6 contracts. We believe that over time the 20 water authorities that use in-house laboratory services will also look to outsource in order to improve efficiency. We are actively pursuing similar contracts elsewhere in the world.

Recognising the need to ensure we are the “Right Partner” for clients in the environmental sector we have rolled out an “ALS Experience” initiative globally as well as a highly focused 20:20:20 business development strategy.

All of these initiatives are paying dividends as can be seen by the revenue chart on the screen. Revenue is showing consistent growth, but just as importantly the margin decline experienced due to pricing pressures through 2013 and 2014 in Australia and Canada is now starting to reverse as we improve efficiency and take a more innovative approach to all services.

The global environmental market may only grow at 1 to 2 percent per year, but it is stable and predictable. ALS can grow our environmental business at a faster rate than the market by targeting high growth geographies and increasing our market share in more mature markets by constant evolution of our services and being more innovative than our competitors.

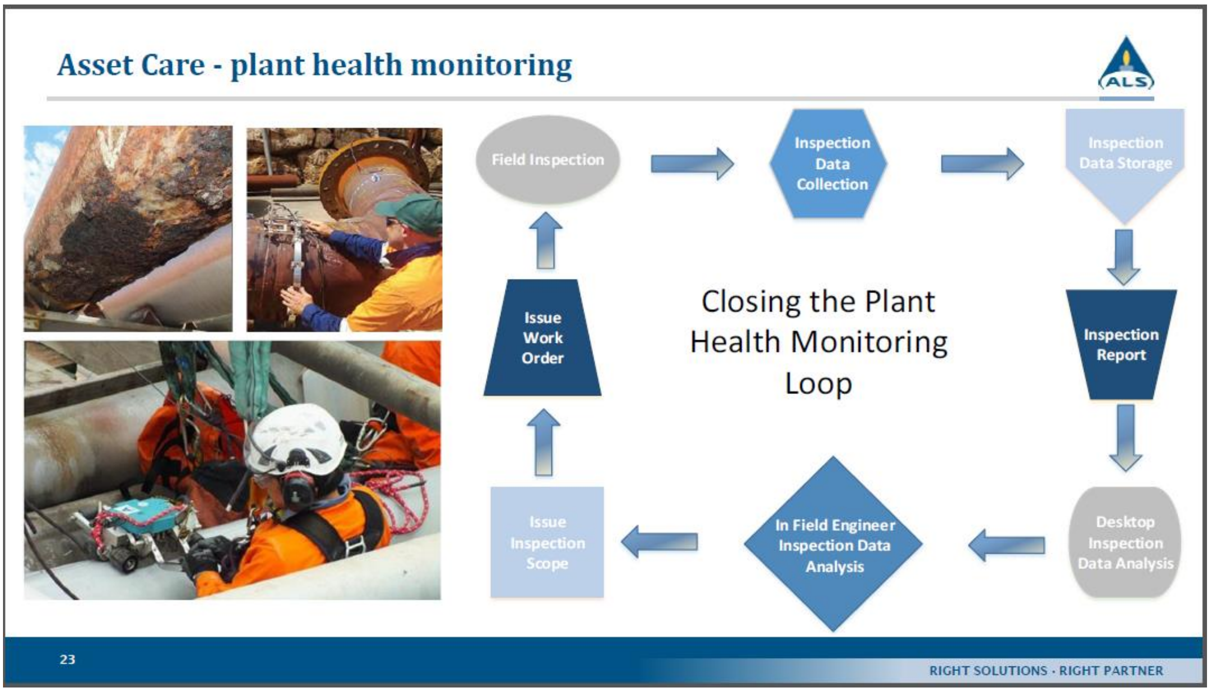


Our Tribology business is part of our Industrial Division and is another non-cyclical business stream for ALS. Tribology provides oil analysis services as part of routine maintenance programs and is therefore non-cyclical. I often think about this business as “the little engine that can”. This is a relatively small business because the global market is relatively small. But it is a terrific business for ALS and generates the best return on capital employed out of all of ALS’s businesses. It has very consistent growth and despite coming under pricing pressure from the mining community in 2012 has managed to innovatively improve efficiencies to maintain a healthy margin.

This business really only operates in Australia, North America and Chile, and therefore has many geographical expansion opportunities. In fact within the next month ALS is likely to acquire a 51 percent share in a small tribology business in Brazil to access that market.

With 20 percent market share in North America and excellent geographic coverage, our growth strategy is to increase market share via large accounts across the many sectors we service. We are achieving this by demonstrating the benefits of our fleet management analysis and reporting tools, and continuing to improve the efficiency and quality of our end-to-end services via innovations including client barcoding of sample submissions and automating many parts of the sample workflow.

The ALS differentiator is the combination of our global laboratory network and reporting system, and our private fluid analysis programs that we run for large clients. Private label programs provide our clients with innovative marketing tools, including branded software and test kits, and highly efficient analysis and diagnostics service to differentiate their own services within their particular distribution network or end user sector. One of our key strengths is providing technical and marketing support to successfully grow our clients' branded programs.



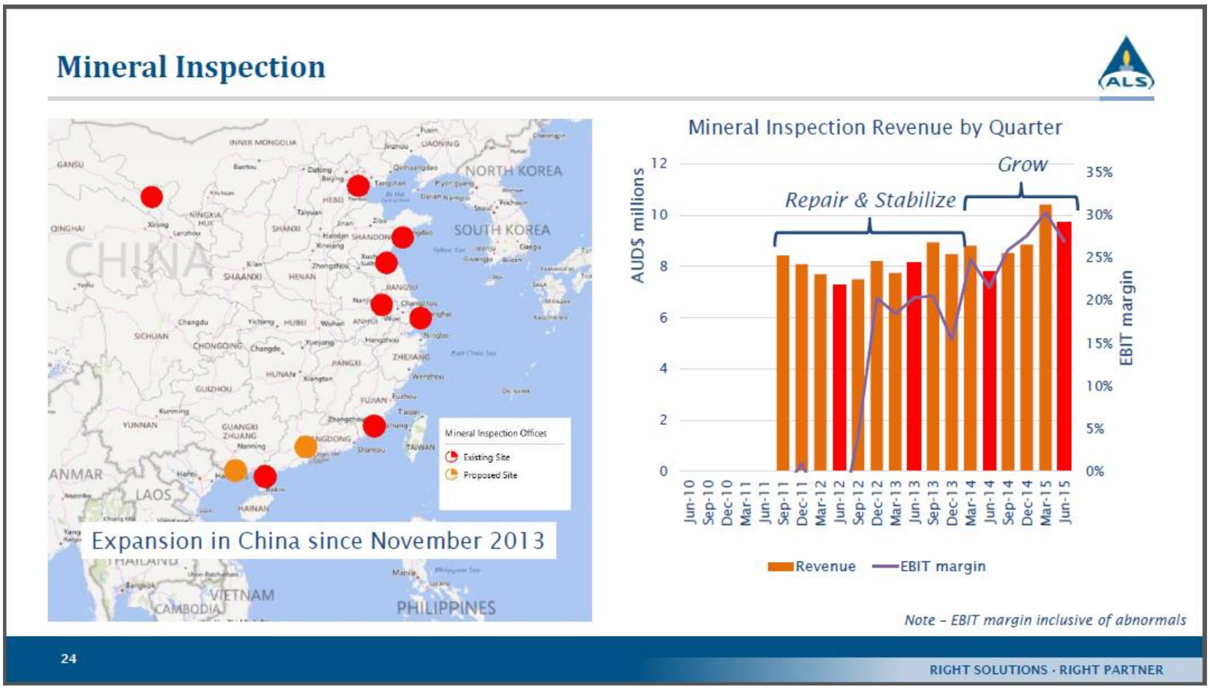
Our Asset Care business is the larger part of our Industrial Division. This business operates predominantly in Australia where we enjoy a market share of 42 percent and has an advanced inspection business that is based in Houston, in the United States, that provides specialist services globally.

In the non-cyclical versus cyclical slide, I showed this business as being 70 percent exposed to non-cyclical markets and 30 percent to cyclical markets.

Five years ago the business was 80 percent in non-cyclical markets as it focused predominantly on maintenance inspection of existing infrastructure often referred to as OPEX. In 2011 we developed a strategy of targeting the construction of new major capital developments in the oil & gas sector in order to grow the business. Those major capital developments were predominantly in the LNG sector, and as they are capital expenditure related, form part of a cyclical market. That strategy was extremely successful for us as we have played a major role in the provision of inspection services to the GLNG, APLNG, and QCLNG projects here in Queensland. We are also providing inspection services to the Wheatstone project in Western Australia. The majority of that work is now completed and no major new CAPEX projects are likely in the near future, although all of that infrastructure that has been put in place will now move to the maintenance inspection phase.

The Asset Care strategy is to be the technical leader in the provision of plant health monitoring services for industrial assets from fabrication and commissioning to the end of operating life. The Asset Care business works with clients, typically industrial plant owners, to meet production targets and reduce asset operation and maintenance costs. This is achieved by applying engineering principles to identify and carry out cost effective inspection and condition monitoring. The ALS differentiator is our capability to develop condition assessment strategies, work scopes, and conduct remaining life assessment and failure analysis, in addition to field-based inspection and testing. Our integrated capability, positions us to work with clients to move beyond meeting basic compliance requirements, to implementing monitoring programs that reduce the total cost of plant ownership.

ALS's Asset Care Australian market share in the mining sector, outside of Western Australia, is approximately 15%. In Western Australia, our mining market share is greater than 50%. Our Asset Care market share in the oil & gas sector is approximately 25%. Therefore, the Asset Care growth strategy is firstly to increase market share within the mining and oil & gas sectors in Australia. Both industries are aggressively seeking ways to reduce operating and maintenance costs and the ALS engineering-led model offers differentiation from a compliance-driven inspection approach. Growth will also come from extending the Asset Care reliability and integrity engineering and advanced inspection service offering to target sectors within South East Asia. There, our focus sectors are power and mining. Finally, the business is working to expand the Asset Care service offering in North America through organic growth via the Houston advanced inspection business and targeted acquisitions to add engineering and material testing capabilities.



Our Mineral Inspection business is part of our Mineral Division and is based in Knowsley in England where we have our major inspection laboratory. This business is classified as non-cyclical because although it is obviously linked to commodities, it is not reliant on exploration or mine development. It is simply exposed to the volume of minerals traded regardless of the pricing cycle of the commodity.

Despite commodity prices being at five year lows, the actual production and trade in commodity volume has been little effected. We see this for example in coal and iron ore where despite prices being down by over 50 percent from recent highs, Australia is still producing and exporting record quantities of these commodities. That is why we classify our Mineral Inspection business as non-cyclical and why we have seen it consistently grow over more recent years whilst our Geochemistry and Metallurgy businesses have contracted substantially through the downturn.

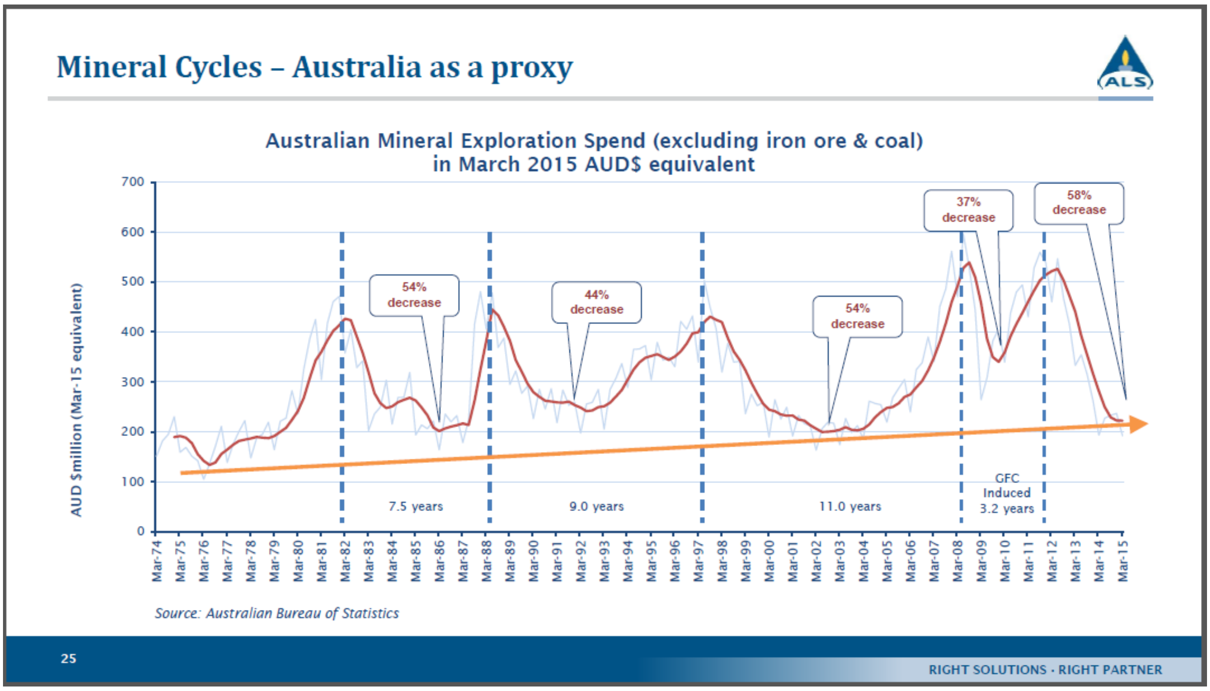
The ALS Inspection business finished the last financial year with March quarter revenue up 18 percent, and operating profit up 44 percent on the same quarter the year before. That trend has continued into the current financial year.

Recognising that traded commodity volumes would not be impacted to the extent of production and exploration as resource sector market conditions deteriorated, the Inspection business adopted a strategy of repair, rationalize, standardize and expand. This strategy has proven fundamental to the significant growth realized during the 2015 financial year.

Post the rationalization and re-engineering of the continental European business in 2013 and 2014, the business set about a process of standardizing global procedures and processes, installing a global communication platform and re-engineering its organisational structure to reflect a global business.

The business has leveraged the ALS traditional hub and spoke model, operating a central hub in Knowsley in the United Kingdom - thereby concentrating expertise, promoting consistency and most importantly managing a disciplined cost base. Sample processing through the Knowsley hub increased by 9 percent last year and continues to grow at such a rate that the Board recently approved a $2 million dollar facility upgrade and capacity increase which is due for completion in March 2016.

In pursuit of the Chinese market which dominates world commodities trade, we began expansion into the region in late 2013. The Chinese Inspection business has grown from a single location in Shanghai in November 2013, to the present permanent location footprint of eight offices across northern and central Chinese ports. Near term plans are in place to expand the permanent footprint into the southern China ports of, Zhanjiang and Guangzhou.



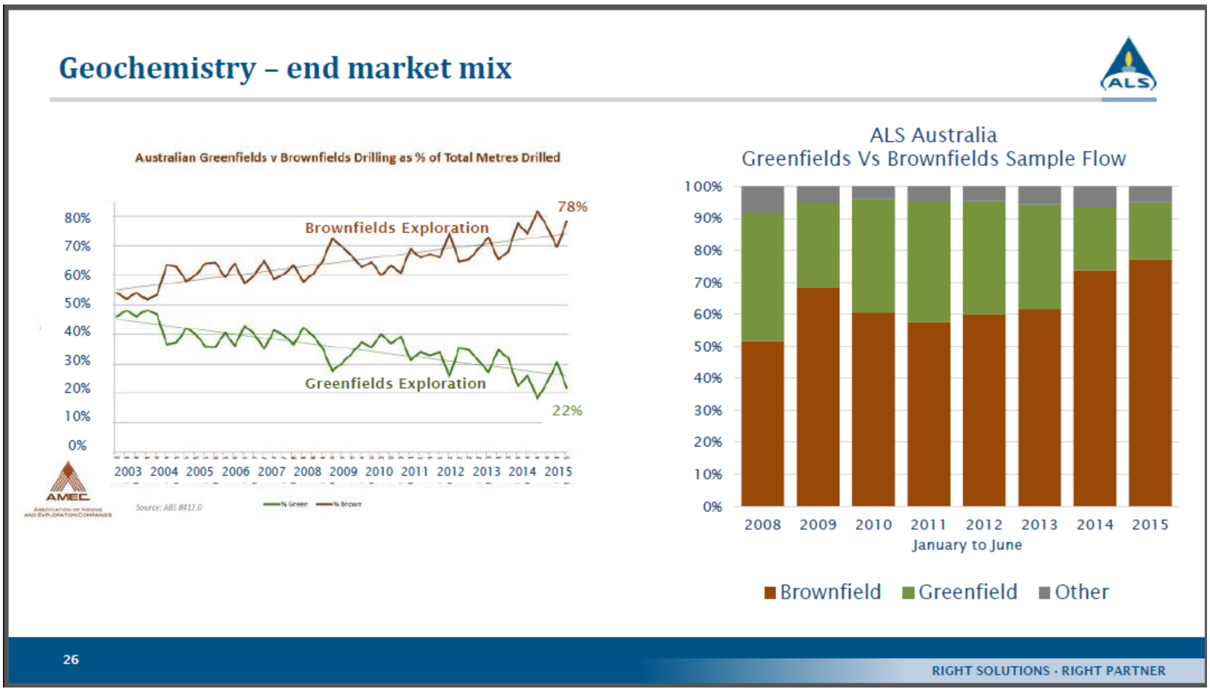
Now let's move to our more volatile cyclical businesses. As stated earlier these markets do not always coincide in their cycles and at the bottom of the cycle our strategy is that these businesses should be about 30 percent of ALS total revenue.

Our major cyclical business is our global Geochemistry business. We are the premier provider of these services globally with an estimated plus 30 percent market share and our systems and standards are well recognised as enduring competitive advantages. This business was the genesis of ALS in 1976 and continues to be a very important part of the company today in spite of the cyclical nature of this market.

This slide shows mineral exploration in Australia excluding coal and iron ore adjusted for inflation. The cycles are very clear and relatively consistent in both depth of cycle and timing. This data is easily obtained from the Australian Bureau of Statistics and Australia acts as a very good proxy for what happens globally.

What you see is a trough to trough cycle of 9 to 10 years with the current cycle being a little longer because of the GFC event. You also see that the typical decline in exploration spend from peak to trough is about 50 percent with the more recent decline being a little more severe due to heightened activity prior to the GFC.

The strategies for our Geochemistry business are all built around the cycles; ensuring our hub and spoke model allows us to quickly scale both up and down as volumes fluctuate; building market share through the downturn as we have idle capacity; ensuring our services are as unique; and ensuring we have the right mix of greenfield exploration exposure and mine-site production and resource definition exposure.



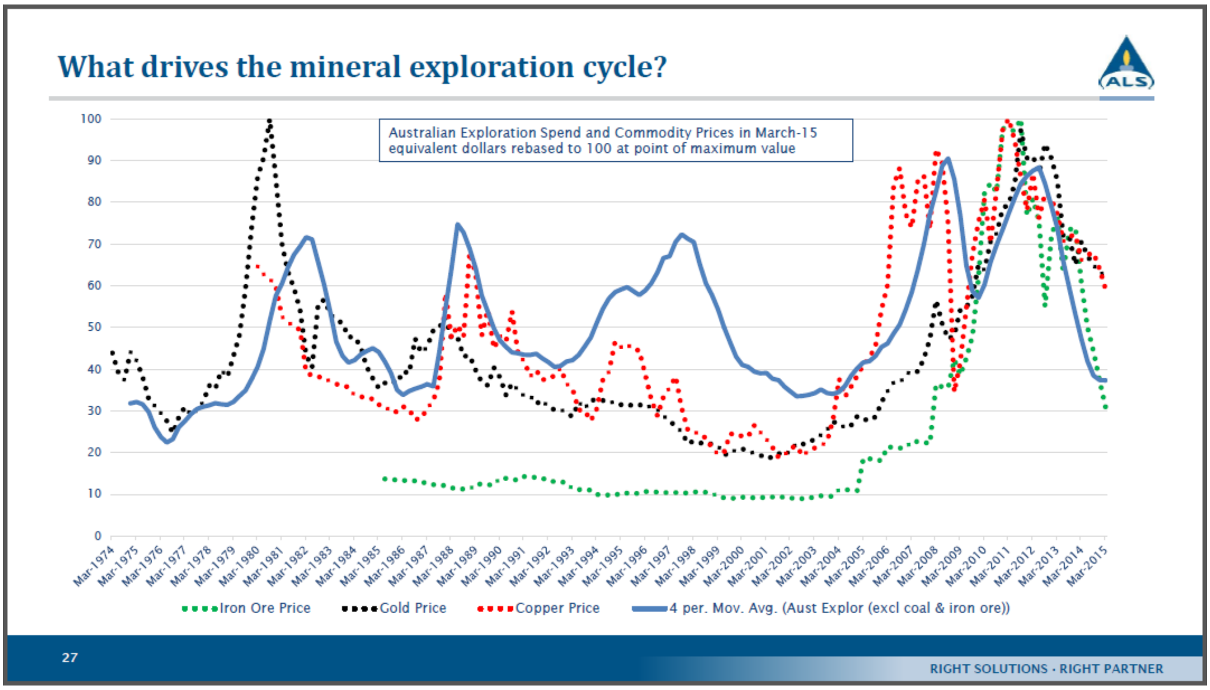
Let’s look further at our strategies around greenfield versus mine-site exposure.

Greenfield exploration is about exploring in virgin or lowly explored regions. This is where the world class low cost mines of the future will come from. Finding these ore bodies is technically very challenging, meaning that the laboratory services provided are also quite technical and innovative, with clients often looking for unique and demanding technical support from their laboratory service provider. This is what ALS does well and where we are seen to provide an advantage over our competitors. Greenfield exploration is a very important market for ALS but when funding for exploration is difficult to raise, greenfield expenditure is seen as high risk. Therefore in any downturn we always see greenfield exploration cut the most, in some instances by as much as 75 percent.

Brownfield exploration is generally exploration on an existing mining lease looking for satellite ore bodies or extensions to known ore bodies. This exploration is designed to extend a mine life or to facilitate increased mining rates and hence reduce the overall cost of production. This is generally seen as low risk exploration and can generate significant volumes of work. However, because the local mineralisation is fairly well known the service needs from the laboratory are less technical and would typically mean the services are generic and more price sensitive; although timeliness and quality are still very important. In any downturn brownfield activity will decline but not to the extent of greenfield exploration as shown in the chart on the left. You can see that in Australia where greenfield exploration has been under-represented for a decade or more compared to other parts of the world, greenfield exploration has declined from 40 percent of exploration spend prior to the GFC to just 22 percent today. This is also reflected in the right hand chart which shows sample flows into our Australian geochemistry labs by sample source.

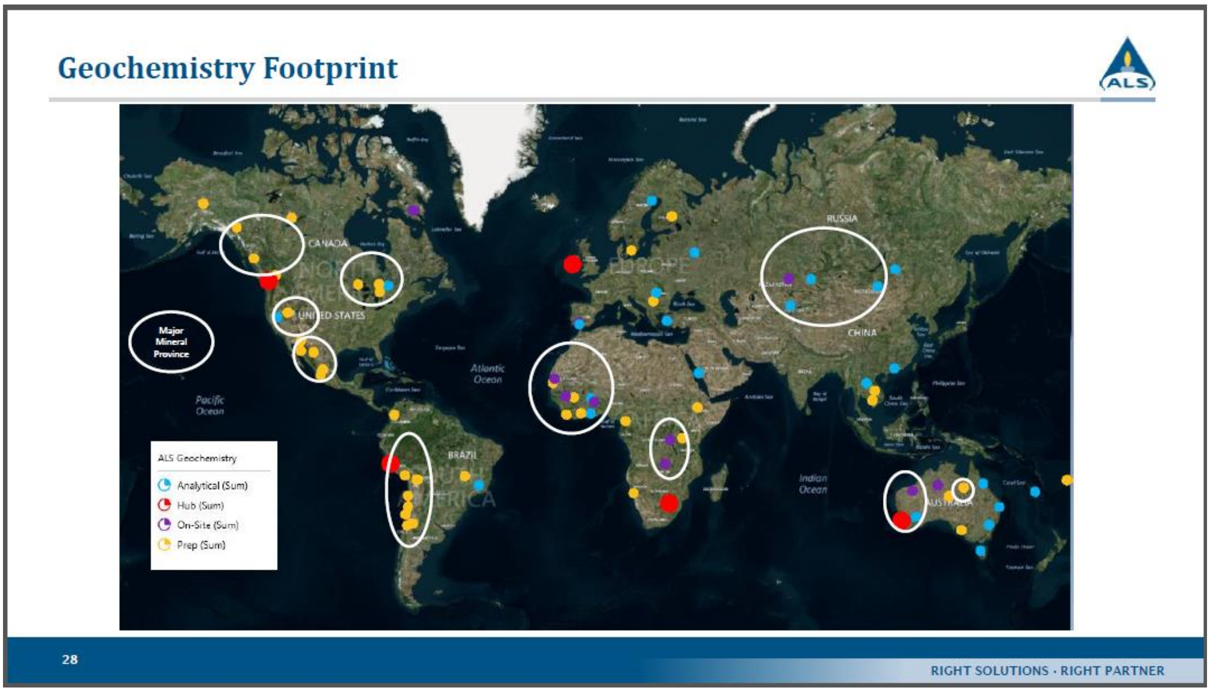
Our strategy in this environment is

- to pull the levers on our hub and spoke model;
- to reduce our cost base so that we can be more price competitive in a very price sensitive brownfield market sector;
- to ensure our service is consistently timely and of the required quality;
- to continue to differentiate ourselves in the greenfield sector;
- and to pursue on and off site mine services contracts to provide a solid base load of work.



To demonstrate the effectiveness of these strategies, ALS has been able to keep its profit margin in Geochemistry above 20 percent despite a contraction of more than 50 percent in the global exploration spend. We have been successful in securing seven new on-site mine laboratory contracts last year, including;

- the Pustynnoye gold mine in Kazakhstan
- the Las Bambas copper mine in Peru
- the Twin Bonanza gold mine in Australia
- the Iron Bridge iron ore mine in Australia
- the Oyu Tolgoi copper mine in Mongolia
- the New Liberty gold mine in Liberia, and
- the Cobre las Cruces copper/gold mine in Spain



We have established new operations in Serbia, Ethiopia and Kazakhstan to access those markets. Global mineral markets are challenging but stable, and ALS is executing its strategies to deal with the present, and continue to build for the future. We estimate our geochemistry market share in the global mineral exploration market has increased from 28 percent at the peak of the cycle in 2012 to 33 percent today in what we believe is the bottom of the cycle.

The big question of course is…When will the cycle turn? There is no doubt that the price of minerals, gold and copper in particular, drives investment sentiment in the sector and most commodity prices are at five year lows although still at historically reasonable prices. For the June half year in 2013 we saw geochemical sample flows reduce by 31 percent on the June half year of 2012. In the June 2014 half year we saw a reduction of a further 31 percent whilst for the June 2015 half year we have seen identical sample volumes to that period last year. This gives us some confidence that we are at the bottom of the cycle and current sample flows continue to track in line with last year. Just a small increase in exploration spend of 10 to 15 percent would provide a significant uplift in performance for ALS.

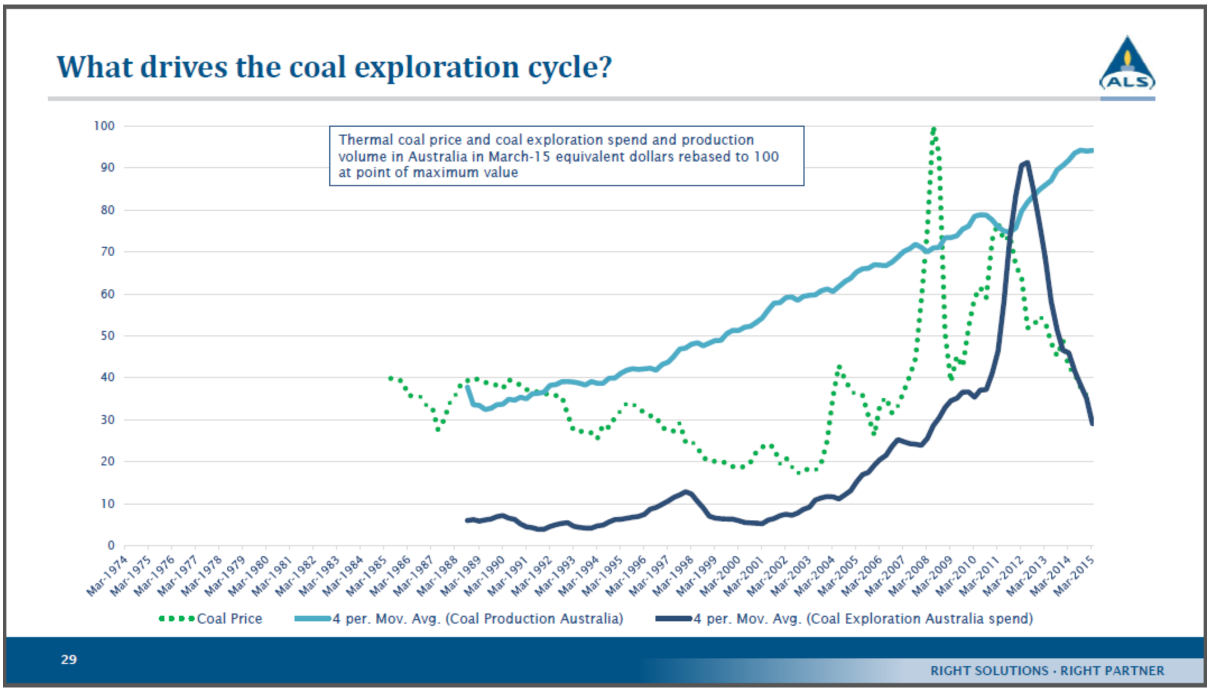
ALS is the market leader in Australia in the provision of metallurgical services and we estimate we are the number two provider of these services by dollar value globally. Whilst this business provides on-going services to existing mines, it is also exposed to new mine development. Very few new mines are being investigated or developed and these market conditions have demanded that our metallurgical business adjusts its cost base – a task which has been achieved via the rationalization of sites and overheads.

Maintaining a position within the sector of technical leadership was and is paramount to the business, and therefore the cost cutting undertaken has been done so without compromise to either capability, or expertise. This strategy has proven to be effective – particularly in recent times with the successful award of 4 of 5 major pilot plant tenders in Australia. Cost base management has underpinned an ability to competitively price bids, with win ratios globally now approaching 90 percent.

Despite market conditions, we have successfully commissioned the Santiago metallurgy laboratory in Chile, and secured engagement from major mining houses there. The expertise and capabilities of this business are very much aligned to world leading copper production in the region.

Our Metallurgy business provides regionalised services through four operating centres in Australia, one in Canada, and one in Chile, but also operates along the lines of the ALS Hub & Spoke model, thereby concentrating expertise, and lowering costs. The global management structure of the group promotes the exchange of personnel, expertise and equipment.

The Metallurgy business remains focused on cost base control and competitive pricing, whilst maintaining an uncompromised commitment to technical leadership, and geographic accessibility.



Now let us turn our attention to coal, an industry that has faced more severe headwinds than any other commodity sector over recent years. We operate a global coal technology business but the business is predominantly Australian based because our services are geared to coal exploration, mining and trading as opposed to domestic production for domestic power generation. Our services cover exploration, production, rail transfer and stock piling as well as superintending and international shipping.

The chart shows inflation adjusted coal exploration expenditure in Australia and the thermal coal price, as well as actual coal production in Australia. Metallurgical coal tells a similar story.

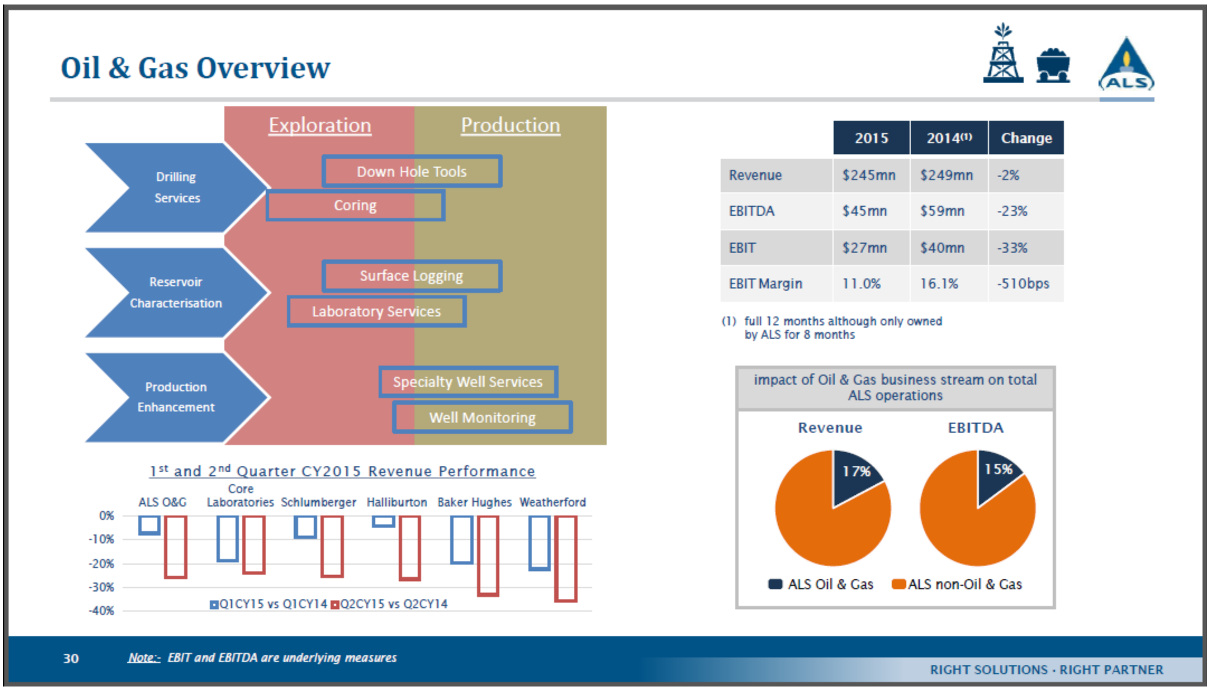
There is no doubt that the coal industry in Australia faces on-going challenges with little price relief likely, and political and voter sentiment rallying against future coal development projects. However ALS remains in a strong position in this market and coal production is at all-time record levels as shown by the chart. Our strategies have seen our market share in the coal testing sector in Australia increase from around 33 percent in 2007 to in excess of 60 percent today.

Our coal team has identified key strengths that have led to this position as a means of ensuring the position is protected and further growth opportunities are taken advantage of. The strategy aims to continue to develop those strengths in all regions.

There are four main areas of focus for ALS Coal that are being acted on:

- Firstly, by growing a business culture in which innovation is a key defining characteristic, improving existing service lines and amplifying differentiation from competitors. Innovation will also lead to the development of new services to increase revenue and profit from new and existing markets.
- Secondly, by lifting the level and effectiveness of marketing ALS Coal Services on a global basis, to protect and grow market share as well as extend markets for the services.
- Thirdly, by continuously developing the Coal Laboratory Information Management System, Coal8, to improve operations and add value for clients. This involves the creation of a client service portal with the objective of making it easier for clients to do business with ALS globally.
- And finally, by continuing to work with all employees on developing the "Client Care Factor". Focus in this area has proven to be a major contributor to achieving the market share currently enjoyed in Australia and is consistent with the ALS philosophy of Right Solutions Right Partner.

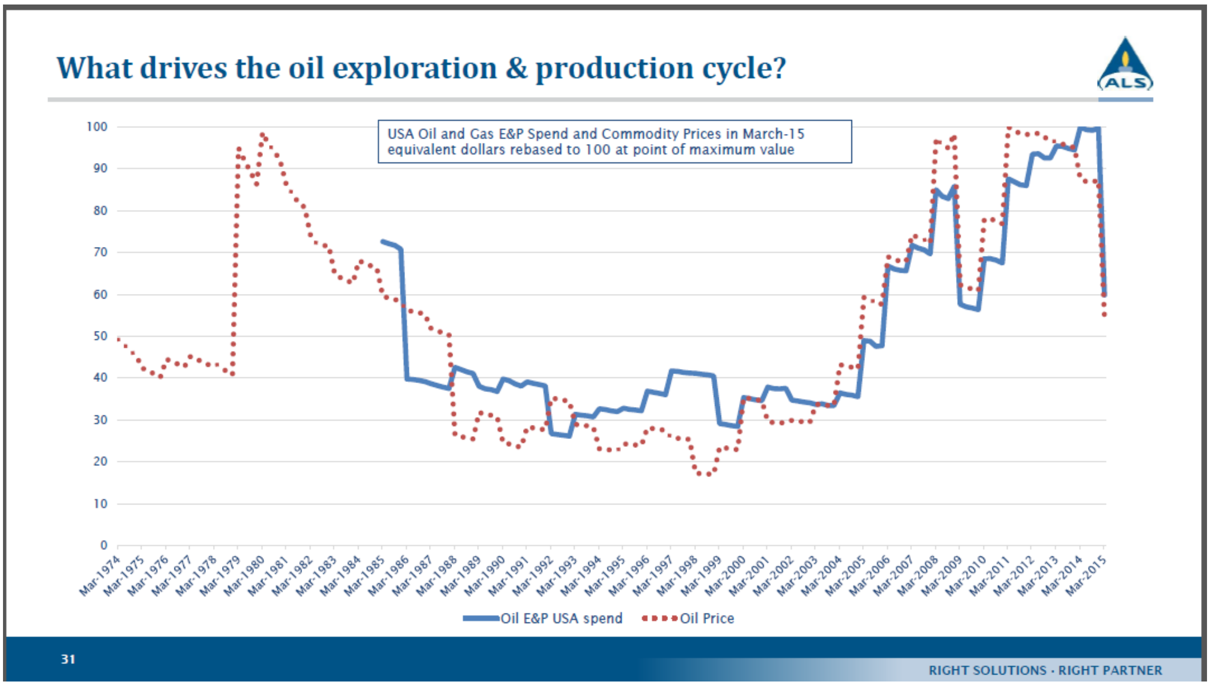
Our coal laboratories are busy and whilst profit margins have declined under the weight of very severe price discounting, our EBIT margin in Australia remains around 15 percent in what we see as the bottom of the cycle; far in excess of how we believe our competitors are performing.



And now to our final business stream exposed to cyclical markets – our Oil & Gas business.

ALS’s Oil & Gas businesses provide field and laboratory based services and some products to the upstream oil and gas sector. The upstream sector includes both exploration and production development; commonly simply referred to as E&P. This is a huge market. At its recent peak 194 billion US dollars was spent on E&P in a single year in the United States alone. To put this in context the global mineral exploration expenditure at its peak in 2012 was worth 20 billion US dollars. Despite recent declines, the global upstream Oil & Gas market is the biggest market ALS participates in, although we only provide niche services in this market.

The slide on the screen shows the services ALS provides in this sector as well as our exposure to exploration versus production.



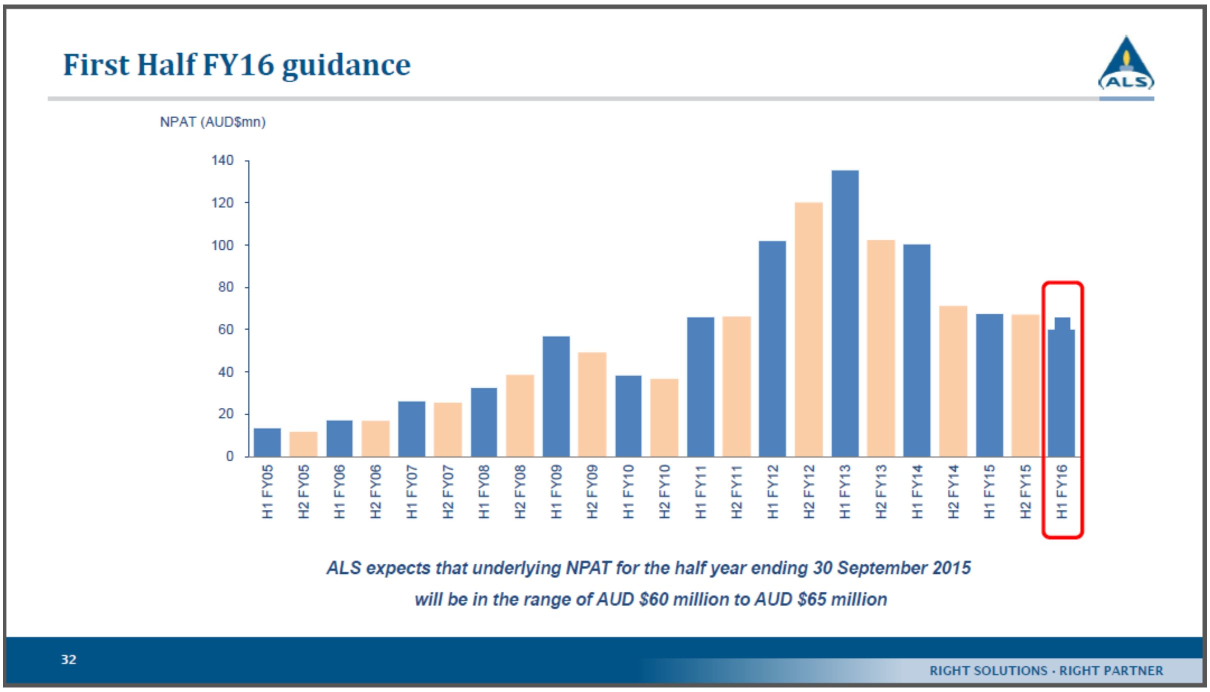
Over the last year we have seen the oil price decline by 50 percent and this has seen a similar reduction in E&P expenditure; especially in the United States. The drill rig count in North America has reduced by 60 percent with exploration activity hardest hit. As activity levels have fallen away, we have also not unexpectedly seen pricing pressure creep into the market. ALS has had to react to the reduction in activity and pricing at a time when we were still integrating the Reservoir Group into the company. This has brought additional challenges and costs as we kept having to right size the businesses.

However, we remain committed to the sector and know we can create a substantial, successful business servicing that market.

Each Oil & Gas business unit has a strategy and those strategies are being executed. We remain committed to our overall strategy of creating a differentiated, integrated, well-site service, built around testing in-situ, at the well head, and in a full service hub laboratory. The major hub laboratory in Houston is under construction and will be commissioned in October this year. The services to be offered have been defined and the technologies are presently being developed. We have written a global LIMS for the laboratory and a client portal is under construction. We are working on remote monitoring strategies that will reduce the total costs to clients.

All of this is happening at a time where revenues are falling in line with market contraction. We are having to rationalise facilities; aggressively trim our cost base; and unfortunately also reduce staff numbers. We have stripped out nearly $10 million dollars in overhead costs and in the case of our North American Surface Logging business reduced staff from 431 in June last year to 186 as of June this year.

We are aggressively right sizing the business to remain profitable in the current environment, and not waiting on a hoped for uplift in the oil price to stimulate higher work volumes. Difficult decisions need to be and are being made, but at the same time we need to protect the core of the business and execute on our longer term strategies, so we can gain market share; build a powerful brand in the sector; realise our operating vision; and create long term value for the company and shareholders. I know we will get there but we must be tenacious as things will likely get worse before getting better.



I have walked you through the strategies, positioning and market conditions of ALS and its businesses. So what does that mean in relation to the September 2015 half year guidance provided by our Chairman.

For our non-cyclical businesses our expectation for the half year is that the Life Sciences Division will see underlying profit increase by approximately 20 percent; tribology will be up by approximately 10 percent; mineral inspection up by 30 percent; and Asset Care down by 20 percent due to a tailing off of CAPEX exposed major construction projects in the LNG and mining sectors.

The businesses exposed to cyclical markets remain in very challenging conditions as we cycle through the downturn. For our Geochemistry and Metallurgy businesses we expect underlying profit to be up slightly compared to last year as markets stabilise and we see the benefits of cost reductions put in place through the year. For our Coal business we expect underlying profit to be down by 20 percent due to continuing market contraction outside of Australia and ongoing pricing pressure. We expect our Oil & Gas businesses to be marginally profitable in the first half before improving through the second half of the year.

In closing I would like to say that I am appreciative of shareholder support, especially over the last two years. Rest assured that everyone in ALS is working diligently not just to navigate current market conditions but more importantly to position the company for future growth.

And again to the Board, I thank you for your guidance and support in what has been the most challenging year for the company in the last decade.

To Nerolie, our Chairman – thank you for your stewardship through the year.

Thank you.